By Mr. ELLIOTT: A bill (H. R. 2913) granting a pension to Christian Gansert, alias Christian Ganshirt, alias Christian Gausert, alias Christian Gunshirt; to the Committee on Invalid Pensions.

By Mr. FISH: A bill (H. R. 2914) granting a pension to Charles Lomax; to the Committee on Invalid Pensions.

Also, a bill (H. R. 2915) granting an increase of pension to Hannah Mosher; to the Committee on Invalid Pensions.

By Mr. HOGG: A bill (H. R. 2916) for the relief of Martin L. Grose; to the Committee on Military Affairs.

By Mr. JOHNSON of Indiana: A bill (H. R. 2917) granting a pension to Flora A. Boker; to the Committee on Pensions.

Also, a bill (H. R. 2918) granting a pension to John A. Winders; to the Committee on Invalid Pensions.

Also, a bill (H. R. 2919) granting an increase of pension to Sarah E. Thomas; to the Committee on Invalid Pensions.

Also, a bill (H. R. 2920) granting an increase of pension to Orlena Wildman; to the Committee on Invalid Pensions.

By Mr. JOHNSTON of Missouri: A bill (H. R. 2921) granting a pension to Albert Ware; to the Committee on Invalid Pensions.

By Mr. LEHLBACH: A bill (H. R. 2922) for the relief of the High Clothing Co. (Inc.); to the Committee on Claims.

By Mr. MILLIGAN: A bill (H. R. 2923) granting a pension to Martha E. Lancaster; to the Committee on Invalid Pensions.

By Mr. O'CONNOR of Louisiana: A bill (H. R. 2924) granting a pension to Claudia V. Hester; to the Committee on Pensions.

By Mr. PALMER: A bill (H. R. 2925) granting a pension to Sophia Deke; to the Committee on Invalid Pensions.

Also, a bill (H. R. 2926) granting a pension to Peter Thorton Wolford; to the Committee on Invalid Pensions.

By Mr. ROWBOTTOM: A bill (H. R. 2927) granting an increase of pension to Emma Phillips; to the Committee on Invalid Pensions.

Also, a bill (H. R. 2928) granting an increase of pension to Olive Marvel; to the Committee on Invalid Pensions.

By Mr. SHORT of Missouri: A bill (H. R. 2929) granting a pension to Nora M. Woodson; to the Committee on Invalid Pensions.

By Mr. SHREVE: A bill (H. R. 2930) granting an increase of pension to Sarah J. Dye; to the Committee on Invalid Pensions.

Also a bill (H. R. 2931) granting an increase of pension to Fannie E. Lord; to the Committee on Invalid Pensions.

Also, a bill (H. R. 2932) granting a pension to Benjamin F. Moorehouse; to the Committee on Pensions.

By Mr. SMITH of Idaho: A bill (H. R. 2933) for the relief of William H. Peer; to the Committee on Claims.

By Mr. SNELL: A bill (H. R. 2934) granting a pension to Constance M. Merrick; to the Committee on Pensions.

By Mr. STRONG of Pennsylvania: A bill (H. R. 2935) granting an increase of pension to Nellie Crawford; to the Committee on Invalid Pensions.

By Mr. WOODRUFF: A bill (H. R. 2936) to provide for the survey of the Tittabawassee and Chippewa Rivers, Mich., with a view to the prevention and control of floods; to the Committee on Flood Control.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

388. Petition of the Theatrical Stage Employees Local 16, of San Francisco, Calif., memorializing Congress of the United States for a reduction of 50 per cent in the Federal tax on earned incomes; to the Committee on Ways and Means.

389. By Mr. GARBER of Oklahoma: Petition of Roy V. Hoffman Camp, No. 8, United Spanish War Veterans, department of Oklahoma, urging support of the legislation proposed in Senate bill 476 of the Seventieth Congress; to the Committee on Pensions.

390. Also, petition of the Wheeler, Osgood Co., Tacoma, Wash., in support of tariff on logs; to the Committee on Ways and Means.

391. Also, petition of Junior Owens, secretary of American Bottlers of Carbonated Beverages, in opposition to tariff on sugar; to the Committee on Ways and Means.

392. Also, petition of Great Northern Chair Co., of Chicago, Ill., in support of tariff on bent-wood chairs imported from Poland and Czechoslovakia; to the Committee on Ways and Means.

393. Also, petition of A. W. Cooper, Portland, Oreg., in opposition to tariff on lumber; to the Committee on Ways and Means.

394. By Mr. GRIEST: Petition of Eby Shoe Co., Lititz, Pa., protesting against placing shoes on free list; to the Committee on Ways and Means.

395. By Mr. MEAD: Petition of Foreign Service Camp, No. 87, United Spanish War Veterans, Department of New York, urging an increase of pensions for Spanish War veterans; to the Committee on Pensions.

396. Also, petition of Chamber of Commerce of the Tonawandas, urging a duty on dressed lumber imported from Canada; to the Committee on Ways and Means.

397. Also, petition of Meneely & Co. (Inc.), Watervliet, N. Y., protesting any discrimination against United States bell founders; to the Committee on Ways and Means.

398. By Mr. MANLOVE: Petition of Sarah J. Francis, Mary T. Ream, William T. Phillips, and others, petitioning Congress to pass more liberal pension legislation; to the Committee on Invalid Pensions.

399. By Mr. O'CONNELL of New York: Petition of the National Association United States Customs Inspectors, Rouses Point Local, Rouses Point, N. Y., favoring the elimination of paragraph (b) from section 451, so that the section will remain the same as in the tariff act of 1922; to the Committee on Ways and Means.

SENATE

TUESDAY, *May 14, 1929*

(Legislative day of Tuesday, May 7, 1929)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Allen	Gillett	McMaster	Smoot
Ashurst	Glass	McNary	Steck
Barkley	Glenn	Metcalf	Steiwer
Black	Goff	Moses	Stephens
Blaine	Goldsborough	Norbeck	Swanson
Blease	Gould	Norris	Thomas, Idaho
Borah	Greene	Nye	Thomas, Okla.
Brookhart	Hale	Oddie	Townsend
Broussard	Harris	Overman	Trammell
Burton	Harrison	Patterson	Tydings
Capper	Hastings	Phipps	Tyson
Caraway	Hatfield	Pine	Vandenberg
Connally	Hawes	Pittman	Wagner
Couzens	Hayden	Ransdell	Walcott
Cutting	Hebert	Reed	Walsh, Mass.
Dale	Heflin	Robinson, Ark.	Walsh, Mont.
Deneen	Howell	Robinson, Ind.	Warren
Dill	Johnson	Sackett	Waterman
Edge	Kean	Schall	Watson
Fess	Keyes	Sheppard	Wheeler
Fletcher	King	Shortridge	
Frazier	La Follette	Simmons	
George	McKellar	Smith	

Mr. DILL. I desire to announce that my colleague the senior Senator from Washington [Mr. JONES] is absent on account of illness. I will let this announcement stand for the day.

Mr. WAGNER. I wish to announce that my colleague the senior Senator from New York [Mr. COPELAND] is necessarily absent for the day.

The VICE PRESIDENT. Eighty-nine Senators have answered to their names. A quorum is present.

PETITIONS

The VICE PRESIDENT laid before the Senate a letter in the nature of a petition signed by Minnie Screechfield, national representative, Daytonia Council, No. 8, Daughters of America, of Dayton, Ohio, praying for the retention of the national-origins clause in the immigration law, which was referred to the Committee on Immigration.

He also laid before the Senate a resolution indorsed by Local Union No. 16, Theatrical Stage Employees, of San Francisco, Calif., favoring a reduction of 50 per cent in the Federal tax on earned incomes, which was referred to the Committee on Finance.

GEORGE A. PARKS, GOVERNOR OF ALASKA

The VICE PRESIDENT laid before the Senate the following resolution of the House of Representatives of the Territory of Alaska, which was referred to the Committee on Territories and Insular Possessions:

House Resolution 2 (by Messrs. Foster and Lomen)

IN THE HOUSE,

IN THE LEGISLATURE OF THE TERRITORY OF ALASKA,

NINTH SESSION.

Be it resolved by the House of Representatives of the Alaska Territorial Legislature in ninth regular session assembled, That we com-

mend, without reservation, the Hon. George A. Parks, Governor of Alaska, as a true and loyal Alaskan, an honorable and upright man, and an excellent administrator, of whom Alaskans may well be proud. We commend Governor Parks for the marked ability with which he has performed the duties of his office; we commend him for his fairness and impartiality; we commend him for the labor he has taken to acquaint himself with the needs of the various regions of Alaska, and for the thoughtful consideration he has given to the many problems which confront him; we commend him for his scrupulous care in confining his activities to the proper performance of his own duties, and in never invading the field of action reserved for the Alaskan Territorial Legislature by the provisions of the organic act of Alaska; we commend him for his good temper and sanity when he has been (and that lately) vilified and traduced by men who in their eagerness to obtain political jobs at the public expense have passed far beyond the bounds of truth and of decency; we commend him because he is a gentleman; be it further

Resolved, That a copy of this resolution be sent to the President, a copy to the United States Senate, a copy to the United States House of Representatives, and 10 copies to the Hon. DAN A. SUTHERLAND, Delegate to Congress from Alaska, for distribution among the heads of the departments of the Government.

Passed by the house of representatives, May 2, 1929.

H. C. ROTHENBURG,
Speaker of the House.

Attest:

LAWRENCE KERR,
Clerk of the House.

REPORT OF THE COMMITTEE ON PUBLIC BUILDINGS AND GROUNDS

Mr. KEYES, from the Committee on Public Buildings and Grounds, to which was referred the joint resolution (S. J. Res. 5) amending the act entitled "An act authorizing the erection for the sole use of the Pan American Union of an office building on the square of land lying between Eighteenth Street, C Street, and Virginia Avenue NW., in the city of Washington, D. C.," approved May 16, 1928, reported it without amendment and submitted a report (No. 12) thereon.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. SHORTRIDGE:

A bill (S. 1102) for the relief of Jeremiah R. Hurley; to the Committee on Naval Affairs.

A bill (S. 1103) for the relief of Richard C. Miller;

A bill (S. 1104) for the relief of Eustace J. Lancaster;

A bill (S. 1105) for the relief of Raymond Kleinberger;

A bill (S. 1106) for the relief of James R. Kiernan;

A bill (S. 1107) for the relief of William Kelley; and

A bill (S. 1108) to correct the military record of John W. Howard; to the Committee on Military Affairs.

By Mr. McNARY:

A bill (S. 1109) for the determination and payment of certain claims against the Choctaw Indians enrolled as Mississippi Choctaws; to the Committee on Indian Affairs.

By Mr. CAPPER:

A bill (S. 1110) for the relief of William Schick; to the Committee on Claims.

By Mr. JOHNSON:

A bill (S. 1111) granting a pension to Melvina Jane Wells; to the Committee on Pensions.

A bill (S. 1112) for the relief of John W. Green; to the Committee on Military Affairs.

By Mr. DENEEN:

A bill (S. 1113) for the relief of Ollie Keeley; to the Committee on Claims.

A bill (S. 1114) for the relief of Arch Boyles; and

A bill (S. 1115) for the relief of Charles N. Neal; to the Committee on Military Affairs.

By Mr. McMASTER:

A bill (S. 1116) to provide for retracing and marking the journey of exploration of General Custer in 1874 through the Black Hills of South Dakota; to the Committee on Military Affairs.

A bill (S. 1117) granting an increase of pension to Hattie Wade; to the Committee on Pensions.

By Mr. ROBINSON of Indiana:

A bill (S. 1118) granting a pension to Louise Palmer (with accompanying papers);

A bill (S. 1119) granting a pension to Alice Townsend; and

A bill (S. 1120) granting an increase of pension to Lucy S. Kemp (with accompanying papers); to the Committee on Pensions.

By Mr. WHEELER:

A bill (S. 1121) for the relief of Robert B. Rolfe; to the Committee on Claims.

By Mr. STECK:

A bill (S. 1122) to extend the times for commencing and completing the construction of a bridge across the Detroit River at or near Stony Island, Wayne County, State of Michigan; to the Committee on Commerce.

By Mr. GOFF:

A bill (S. 1123) for the relief of Andrew Boyd Rogers; to the Committee on Claims.

A bill (S. 1124) for the relief of Raymond H. Leu; to the Committee on Naval Affairs.

A bill (S. 1125) granting a pension to Bessie Finsley; to the Committee on Pensions.

By Mr. REED:

A bill (S. 1126) to provide extra compensation for overtime service performed by immigrant inspectors and other employees of the Immigration Service; to the Committee on Immigration.

By Mr. FLETCHER:

A bill (S. 1127) to amend paragraph 2 of the act entitled "An act to establish a department of economics, government, and history at the United States Military Academy at West Point, N. Y., and to amend chapter 174 of the act of Congress of April 19, 1910, entitled 'An act making appropriations for the support of the Military Academy for the fiscal year ending June 30, 1911, and for other purposes'" (with an accompanying paper); to the Committee on Military Affairs.

AMENDMENT TO TARIFF REVISION BILL

Mr. FLETCHER submitted an amendment intended to be proposed by him to House bill 2667, the tariff revision bill, which was referred to the Committee on Finance and ordered to be printed.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the House had concurred in the concurrent resolution of the Senate (S. Con. Res. 4) thanking the people of Wisconsin for the statue of Robert M. La Follette.

FARM RELIEF

The Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 1) to establish a Federal farm board to aid in the orderly marketing, and in the control and disposition of the surplus, of agricultural commodities in interstate and foreign commerce.

Mr. ROBINSON of Arkansas. Mr. President, may I inquire what is the pending amendment?

The VICE PRESIDENT. There is no amendment pending. The bill is as in Committee of the Whole and open to amendment.

Mr. HEFLIN. I have an amendment on the desk which I ask may be read and considered at this time.

The VICE PRESIDENT. The Senator from Alabama offers the following amendment, which the clerk will report for the information of the Senate.

The CHIEF CLERK. On page 17, line 14, in lieu of the figures "$500,000,000" insert the figures "$1,000,000,000," so as to read:

REVOLVING FUND

SEC. 8. There is hereby authorized to be appropriated the sum of $1,000,000,000, which shall be made available by the Congress as soon as practicable after the approval of this act and shall constitute a revolving fund to be administered by the board as provided in this act.

Mr. ROBINSON of Arkansas. Mr. President, some phases of the contest now in progress in the Senate present a humorous aspect. Others are serious. It is not my intention in the remarks I am about to make to discuss the humorous features of the controversy. Those who oppose the enactment of the bill now before the Senate embodying the debenture plan make a mistake in assuming that the debenture provision is presented for political purposes or to harass the Executive or to confuse the friends of true farm relief. Many Senators, not only those on this side of the Chamber but a number of those on the Republican side of the Chamber, who did not vote for the debenture plan have expressed the opinion and entertain the conviction that the bill may not prove workable; that it may prove disastrous. Some have expressed the thought that without the power to issue debentures in case of emergencies affecting the agricultural industry the bill is not worth while; others still think that it may prove an effective experiment.

The press carries the narrative that a deliberate purpose has been formed on the part of the administration forces to prevent the body at the other end of the Capitol from taking action on the debenture plan. A special writer in the Washington Post, Mr. Bargeron, asserts that the policy has been adopted to shift the fight on debentures from the farm relief bill to the tariff bill on the theory that the President does not care if the tariff

bill is defeated, but would like to accomplish the passage of some measure of farm relief.

A few days ago, in an attempt to answer the assertion by Senators that the bill constitutes a violation of the privileges of the body at the other end of the Capitol set forth in section 7 of Article I of the Constitution, I declared that no ground exists for such a contention. It is my purpose now to state some of the reasons and to set forth the judicial and political authorities upon which that declaration is based. The language of section 7, Article I, of the Constitution is familiar to all. I quote it:

All bills for raising revenue shall originate in the House of Representatives, but the Senate may propose or concur with amendments as on other bills.

Now, it is entirely clear, in my own opinion, that the debenture feature of the farm relief measure does not come within that provision of the Constitution. It can not be brought within that provision of the Constitution by even a strained construction. No lawyer of standing in this body or in the body at the other end of the Capitol, after fair consideration of the authorities on the subject, dare take such an absurd position. The conclusion here presented reflects the decision of the highest court of this country and of the body at the other end of the Capitol, and there is no single authority which fairly construed upholds the contrary contention. In United States *v.* Norton (91 U. S. 568) it is held that the act to establish the postal money-order system was not a revenue law, and the court defines bills for raising revenue as bills to levy taxes.

The same doctrine is set forth in Twin City Bank *v.* The United States (167 U. S. 96), wherein it is held that section 4 of the national revenue act imposing taxes on the current amount of bank notes in circulation is not a revenue bill within the meaning of the clause of the Constitution declaring that all bills for raising revenue shall originate in the House of Representatives.

In this case the Supreme Court of the United States said:

Even though the measure did provide for the raising of revenue, since that feature of the bill was merely incidental to its main purpose, the bill did not fall within the class referred to in section 7 and was not a bill for raising revenue within the meaning of the Constitution.

In the case last cited the court quoted with approval the construction by Mr. Justice Story to the effect that revenue bills are those that levy taxes in the strict sense of the word, and are not bills for other purposes which may incidentally create revenue.

In Millard *v.* Roberts (202 U. S. 429) the court held that acts for eliminating grade crossings of railroads and the erection of union stations and to provide for part of the cost under appropriations to be levied in the form of taxes on private property in the District did not come within the meaning of the phrase "bills for raising revenue." It followed that the measure referred to could properly originate in the Senate.

During the course of this debate some question has arisen as to whether appropriation bills—bills authorizing the withdrawal of funds from the Treasury—come within the meaning of the clause referred to. While it is the practice, acquiesced in by both bodies and by political authorities generally, for general appropriation bills to originate in the House of Representatives, there is nothing whatever in the Constitution or in any construction that has been placed on the constitutional provision to which I have referred that warrants the conclusion that the Senate of the United States is not at liberty, when it chooses to do so, to originate appropriation bills, either special or general; and I maintain that even as to appropriation bills the House of Representatives itself, after a full consideration by one of its committees, received a report which sustains the conclusion that appropriation bills are not bills for raising revenue. From page 972 of Hinds' Precedents, volume 2, I read as follows:

Both the majority and minority submitted exhaustive arguments in support of their respective positions. The majority contended that if the words of the Constitution were to be taken in their ordinary acceptation, it was difficult to conceive how there could possibly be two opinions, for the distinction between raising revenue and disposing of it after it had been raised was sufficiently obvious to be understood by even the commonest capacity. It was true that from the time the Constitution was framed there had been an impression, more or less general, that this clause had a much broader signification than its terms implied. Many, including Mr. Madison, Mr. Webster, and Justice Story, had seemed to regard the expression "bills for raising revenue" as synonymous with the term "money bills." The committee then examines the use of the term "money bills," especially with reference to the usages of the British Parliament, where money has long been raised and expended by the same bills. In Massachusetts, where the constitution provided that "money bills" should originate in the house of representatives, the Supreme Court had given the opinion that this did not preclude the origination of appropriation bills by the senate. Both at the time of the formation of our Constitution, as well as since, the appropriation of the revenue was in England a mere incident to measures by which it was granted to the Crown and brought into the exchequer. The House of Commons claimed and exercised the exclusive right both to raise and appropriate the revenue. With this example in their minds, the framers of our Constitution, had they intended to confine the origination of appropriation bills to the House, would have done so in perfectly plain and unequivocal terms.

This was the majority report of a committee constituted by the House of Representatives to pass upon the question as to whether appropriation bills may originate in the Senate or must originate in the House of Representatives, and the majority concluded, as I have just shown, that there is nothing in the Constitution which prevents appropriation bills, either general or special, from being initiated in this body. The issue now is much more definite and specific than that which might be implied by a discussion of the subject of appropriation bills and the right of the Senate to originate them. The language is, "All bills for raising revenue shall originate in the House of Representatives," and in every case wherein the question as to the true construction of the language has come before the Supreme Court of the United States, the final arbiter of all legal questions in this country, the court has held that the expression "bills for raising revenue" means what the language implies; it means tax bills or bills which provide for the levying of taxes, and the court has even held that even in the case of bills which do levy taxes, if the levying of taxes is merely incidental to the broader general purpose, the bill may originate in either body of the Congress of the United States.

A later decision which throws light upon this subject is that of March 29, 1922, in which the House was called upon to consider Senate Joint Resolution No. 160, authorizing the extension for a period of not to exceed 25 years of the time for the payment of the principal and interest of the debt incurred by Austria for the purchase of flour from the United States Grain Corporation, and for other purposes. In this case the proposal related to funds considered by some to be "revenues" due the United States, it being contemplated that the funds should be covered into the Treasury. A long discussion of the subject occurred in the body of the other end of the Capitol, and the Speaker finally held as follows on March 29, 1922, at page 4736 of the RECORD:

The Chair has had time to investigate the question with some care, and it seems to the Chair quite clear that this is not a bill for raising revenue as defined in the Constitution. The best definition the Chair has seen is in the Thirteenth of Blatchford, where the court says:

"Certain legislative measures are unmistakably bills for raising revenue. These impose taxes upon the people, either directly or indirectly, or lay duties, imposts, or excises for the use of the Government, and to give to the persons from whom the money is exacted no equivalent in return, unless in the enjoyment in common with the rest of the citizens of the benefits of good government."

It seems to the Chair that that is a good definition of the phrase "for raising revenue," and that it does not include this bill. At the same time the Chair does not feel that it is necessary in this case to define exactly what the phrase does mean.

Mr. President, if you apply the principles asserted both in the body at the other end of the Capitol and in the Supreme Court decisions which I have mentioned, you can not resist the conclusion that the debenture provision is not a bill for raising revenue and that any attempt to induce the body at the other end of the Capitol to refuse to consider this bill because it embraces the debenture provision is a mere subterfuge, an attempt to prevent a full and fair expression of the will of the Representatives of the people on a question that has arisen in the Congress.

Of course the body at the other end of the Capitol has the power to place any construction on the constitutional provision embraced in section 7 that it thinks justified, and, of course, its decision will be controlling in so far as the consideration of measures is concerned; but there is no Senator here who can read the court decisions and who is willing to give the language of the Constitution the natural effect and meaning that it carries who will assert that this is a "bill for raising revenue" and that the Senate has no power to originate it.

Mr. President, in the same article to which I have referred we are told that if the amendment relating to debentures is switched to the tariff bill it is proposed by the administration to bring intimidation and pressure to bear on Senators—and some of the Senators are clearly indicated—in order to accomplish the final defeat of the debenture plan. I repudiate that suggestion on behalf of the President of the United States. Some of the Members of the majority party have complained of the unwillingness of some of their colleagues on that side

of the aisle to follow the leadership of the President, to do what the President desires shall be done. Have they forgotten that when this session convened a subcommittee from one of the great committees of the Senate interviewed the President and sought to secure an expression of opinion from him on this important question, and that it was not until after he had declined for the time being to assert his opinion that the committee actually incorporated the debenture plan in the bill. If the President had indicated his desire with respect to the subject, no doubt some Senators might have found it consistent to follow his suggestion who did not find themselves able by intuition to determine his wishes in regard to the matter.

The VICE PRESIDENT. The time of the Senator from Arkansas has expired.

Mr. ROBINSON of Arkansas. How much time have I consumed, Mr. President?

The VICE PRESIDENT. The Senator from Arkansas has taken 20 minutes.

Mr. ROBINSON of Arkansas. I have not concluded what I desire to say on the matter, but, of course, under the rule, I can not speak longer now, and shall have to avail myself of another opportunity to finish.

Mr. NORRIS. Mr. President, I desire to express concurrence in the opinion expressed by the Senator from Arkansas that this is not a bill raising revenue, and that if the bill were passed and sent to the House it would not be subject to that objection.

However, I want to call the attention of the Senate, and I hope of the House and the country, to the fact that when we get through with this bill it will be a House bill that we will pass. I assume that the Senator from Oregon [Mr. McNARY], having charge of the Senate bill, when we get through with amendments, and have perfected it, will substitute the Senate bill for the language of the House bill; that he will call up the House bill, and move to strike out all after the enacting clause, and insert the Senate bill. Thus, from a parliamentary standpoint, when we pass that bill, if we do, we will have passed a House bill with a Senate amendment; and under the express language of the Constitution that is perfectly legal.

The parliamentary situation at the present time, it is true, is that we are considering a Senate bill; but everybody knows that the House has passed a bill on the same subject, and that good legislation, common courtesy to the House, demands that when we come to act finally it shall be on the House bill and not on the Senate bill. Otherwise, if we did not take that course, and both Houses resorted to that method of refusing to pay any attention to the bills of the other House, we would never meet in legislation.

There is on the table before us the House bill on farm relief that they have passed. In due course that measure will be taken up. In fact, the chairman of the Committee on Agriculture and Forestry, the Senator from Oregon, decided to take it up at the beginning of debate and substitute it for the Senate bill. On the suggestion of the Senator from North Carolina [Mr. SIMMONS], who thought the better course would be first to perfect this bill and then do the substituting at the end of the consideration, the chairman of the committee withdrew his request, and announced that he would pursue the procedure suggested by the Senator from North Carolina. He could have pursued either method. He could have called up the House bill at once and offered the Senate bill as a substitute, but he decided to take the other course.

When we get through with the Senate bill I assume that the chairman of the committee will move to take up the House bill, and, when that is laid before the Senate, he will move to strike out all after the enacting clause and substitute the language of the Senate bill which we have been considering; and in that shape, if the bill is passed, it will pass the Senate. Technically, it will be the passage through the Senate of the House bill with an amendment. The Senate bill, as now before us, never will pass this body. It will be laid aside; and the substance of it, all after the enacting clause, will be added as an amendment to the House bill.

Mr. FESS. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. FESS. Has the Senator thought of the provision in the Constitution under which all bills for raising revenue must originate in the House, but the Senate may offer amendments? Would not such amendments apply only to revenue bills?

Mr. NORRIS. That is the provision of the Constitution to which I am calling the Senate's attention. It is the same provision which the Senator from Arkansas has been discussing.

Mr. FESS. I desire to preface my question by the statement that I hope——

Mr. NORRIS. How much time have I left on my amendment, Mr. President? I do not want to consume any time on the bill.

The VICE PRESIDENT. The Senator from Nebraska has used four minutes. He has six minutes remaining.

Mr. FESS. I do not think the Senator got my question.

Mr. NORRIS. Perhaps not.

Mr. FESS. Is not the power of the Senate to offer amendments limited by that constitutional provision to revenue bills? That is, we shall be considering later on the House bill; but it is not a revenue bill. Can we amend a House bill that is not a revenue bill by putting a revenue feature in it? That is the only question in my mind.

Mr. NORRIS. In the first place, we will not be doing that. I agree entirely that the debenture proposition is not a revenue measure as described and as referred to in the Constitution; but if it is, then we are offering it as an amendment to a House bill. Even though that may not be itself a revenue bill, we have a right to amend a House bill in any way we see fit. Otherwise the Senate would become a nullity. We can put any amendment on a House bill unless there is a specific provision of the Constitution of the United States against our doing so; and there is no such inhibition.

Mr. BROOKHART. Mr. President, there is another phase of this proposition.

It seems to me that each House has the right to decide what propositions it will send to the other House; and the other House, out of ordinary courtesy of procedure, should receive any communication from the other end of the Capitol. It appears to me that the House would have no right, as a matter of common courtesy, to say, "We will not receive a bill or a communication from the Senate," and neither would the Senate have such a right in dealing with the House. Each body will decide for itself what it will send to the other; and whatever it sends should be respectfully and courteously and considerately received and acted upon. The other House has a right to disagree, of course, and to reject; but to say, "We will not receive the communication, and it will not be considered," is to put us in a state of legislative anarchy.

Therefore, if the House refused to receive and consider this message, I think we would be justified in saying to the House that we will receive no communications of any kind from the House until they do accept the matters we send over to them as communications from us, and consider them in the regular way.

Mr. HEFLIN. Mr. President, the amendment which I have offered provides for making available a billion dollars to carry out the purposes of this act, in lieu of the $500,000,000 suggested.

This money will not be used unless it is absolutely necessary. The Senator from Iowa [Mr. BROOKHART] pointed out on yesterday that it would require probably three times the amount set out in this bill to do this work. Why should we not provide enough money while we are at it?

The money is just to be made available. It is not appropriated outright, to be used whether it is needed or not; but this is quite a large undertaking that we have in hand—the matter of stabilizing prices of farm products generally—and I submit to Senators that a billion dollars is not too much. The annual value of farm products now is about $12,000,000,000, and certainly the Congress can afford to provide $1,000,000,000 should it be needed—and that is all that my amendment provides—instead of $500,000,000, to take care of billions of dollars' worth of grain, and a billion and more dollars' worth of cotton—just two items in a vast number of farm products. You have only $500,000,000 here to do it all.

Mr. President, while I am on my feet I want to say that I think the Senator from Arkansas [Mr. ROBINSON] and the Senator from Nebraska [Mr. NORRIS] are entirely right in their contention about the debenture plan. We have reached the point here where we really have something in the bill that will do this work and take care of the farmer. There is no revenue raised by the debenture provision that we have placed in this bill. The bill that provided for raising that revenue originated in the House. It came properly from the other end of the Capitol, and that revenue is now being derived; and when it reaches the border line of our country we simply divide it and take a part of it as it starts upon its journey to the United States Treasury and give half of it to the farmer; and how is it derived? That money is acquired through import duties upon farm products that come into this country in competition with that which the farmer produces here, and they come into this country to be sold in competition with his products in the home market.

Who on earth can object to such a fair proposition as that? There is not any question about this thing being fair. We would be justified, in fact, in taking the whole 42 cents a bushel; but we are not doing that. We are taking just half of it and applying it to the wheat and corn exported from the

United States, and we are giving 2 cents a pound, or $10 a bale, on cotton.

This will help to stabilize grain and cotton prices throughout the country. Every Senator here knows that that will be the effect of it; and now what are we told? That the body at the other end of the Capitol, one of the legislative branches of the Government, threaten to create a parliamentary situation where they will not even consider this debenture measure passed by the Senate.

Now, Senators, is the time for this body to show its mettle, to see whether or not it is willing to sit here throughout the year and insist upon fair treatment for itself and fair treatment for the farmers of the United States. Let the other branch of Congress know that we are not going to permit this great relief measure to be waved aside in this fashion; that we know we are right, we know the ground we stand upon, and we are going to insist on it; and if they want to prolong the session by ignoring this demand of the American farmers, through their Senators here, who are standing for them and by them, then let us make it a session of a year's length and remain here until the regular session shall convene in December.

Now is the time for Senators to show whether or not they are the friends of the farmer, those who are not anxious to get away from here and go off and play golf or go fishing or have a vacation in Europe, who are willing to stay here and help fight this thing out for the farmers if it takes all the year, and put them back on their feet, and let some of them buy some of these homes that have been sold from under them under mortgage, and put hope again in the hearts of the great army of American agriculture.

Mr. President, I hope the Senate will stand firm by the position it has taken; and I think the amendment which I have offered ought to be adopted.

Mr. McNARY. Mr. President, the amendment suggested by the Senator from Alabama [Mr. HEFLIN] is an unwise and extravagant proposition. The committee, after very careful consideration and study, thought that $500,000,000 was ample. Indeed, in the bill as it was first proposed, and in all the bills that had preceded it, $300,000,000 had been considered sufficient by the committee and Congress on three separate votes. The Secretary of Agriculture, when he appeared before the Senate Committee on Agriculture and Forestry, stated that $300,000,000, in his opinion, was sufficient. The committee added $200,000,000 in order to have a sum equal to that which had been proposed by the House of Representatives.

Congress convenes in December, and I should think those who were true friends of the bill would use every effort to make this legislation exemplary, and not load it down with extravagant and foolish amendments.

I certainly hope that the Senate will not add $500,000,000 to the $500,000,000 provided in the bill, making this known as a billion-dollar bill. It is foolish; it is unwise.

I know the Senator offered the amendment in all sincerity, but I am just as sincere when I denounce it as being a foolish proposition.

Mr. REED. Mr. President, I want to say a very brief word about the propositions of law enunciated by the Senator from Arkansas [Mr. ROBINSON] and the Senator from Nebraska [Mr. NORRIS]. I do not think it is right that we should permit statements as to the fundamental law to go unchallenged if we disagree with them.

I agree fully with the statement of the Senator from Arkansas that the farm bill with its debenture amendment is not a bill raising revenue within the meaning of the Constitution requiring such bills to originate in the House. If I understand correctly the terms of the debenture amendment it creates a new kind of currency receivable for a particular kind of public dues, very much as the old greenback currency was and is receivable for certain public dues and not for others.

The term "debenture" may mislead because of its suggestion of a particular type of bond that has come into frequent use nowadays; but the thing that in this bill is called a debenture is paper money receivable for a particular type of public dues, and in my judgment if it goes into effect it will be a very short time before Congress will make it receivable for all kinds of public dues, and make it legal tender in other respects. However that may be, it is the creation, the origination of a new type of money, and is no more a bill raising revenue than would be a bill creating a new type of Federal reserve bank notes.

I can not agree, however, with the statement that if it were a revenue-raising amendment within the meaning of the Constitution it might be added by the Senate as an amendment to any sort of bill. If that proposition were sound, then we might attach a taxation provision or a tax-raising measure to any private pension bill that came to us from the House and claim that as the bill in its original form originated in the House we were within the terms of the Constitution.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. REED. In just a moment. I did not understand that the Senator from Arkansas advanced that proposition——

Mr. ROBINSON of Arkansas. No.

Mr. REED. But I did understand it to be a proposition advanced by the Senator from Nebraska, and it was because of my dissent from that that I felt impelled to rise.

Surely nothing could so nullify that clause in the Federal Constitution as to contend that we might take any bill of whatever character—private pension bill, or claim bill, or what not—and add to it a revision of the revenue-raising system of the United States. No lawyer, I think, when confronted with that reductio ad absurdum, would claim that that was a proper construction of the Constitution. It would mean a complete nullification of that clause of the Constitution.

Finally, Mr. President, it seems to me that an extended debate on this proposition is a futile thing because of the fact that each House is the final judge for itself of its interpretation and of the proper construction of this clause of the Constitution. If we decide that we want to add a tax raising bill to a private pension bill, the House can not prevent us, and no amount of thundering there will in any way affect our action, except as it may appeal to our reason; it can not control us. Correspondingly, no amount of thundering here can in any way control the discretion which the House will exercise when it decides whether it will or will not accept an amendment to a bill we may send to it.

Only the essential good sense that is supposed to exist at both ends of the Capitol, the comity and the courtesy which each House ought to exercise toward the other, will control the exercise of that power which reposes independently in each House.

Mr. ROBINSON of Arkansas. I merely desire to add to what I said a few moments ago, that each House should give full and fair force and effect to the constitutional provision, and that no constitutional provision should be invoked by either House to prevent a fair expression of the opinion of the other House in a matter or touching a subject concerning which that House is at liberty to take its resolve.

Mr. WALSH of Montana. Mr. President, the question which has been engaging the attention of the Senate for a short time this morning was raised in connection with a measure which had the consideration of the Committee on Irrigation and Reclamation of Arid Lands, one of the bills dealing with the development of the Colorado River, the so-called Boulder Dam bills. One of the bills provided in general terms for the inauguration of the enterprise, and then provided for the issuance of bonds to meet the expenses incurred. The point was raised by the senior Senator from Arizona [Mr. ASHURST] that such a bill could not originate in the Senate of the United States because it was a bill for raising revenue, that is to say, the revenue which was to be raised with it to meet the expense of the enterprise. He made a very persuasive argument in support of his contention, and referred particularly to the action taken by the House with respect to a bill passed by the Senate during the war time, a naval bill, which, after making provision for construction, made provision for raising the money with which to meet the expenditures occasioned by the operation of the bill.

His argument was answered by the distinguished senior Senator from California [Mr. JOHNSON], who referred in that connection to the decisions of the Supreme Court of the United States to which the attention of the Senate has been called by the Senator from Arkansas [Mr. ROBINSON]. The argument was so perfectly persuasive, so entirely convincing in character, the authorities were so conclusive upon every aspect of the matter, that my recollection is that even the ardent Senator from Arizona did not press his contention, and the view expressed by the Senator from California was adopted by the entire committee, and the bill was reported with that feature in it.

I can not believe, Mr. President, whatever may be said by newspaper writers, that the leaders of the dominant party, who will control, no doubt, the action of the House, can be possibly persuaded to do the plain violence to the Constitution of the United States, which would be implied in action such as it is suggested would be taken.

Mr. REED. Mr. President, will the Senator permit a question?

The PRESIDENT pro tempore. Does the Senator from Montana yield to the Senator from Pennsylvania?

Mr. WALSH of Montana. I yield.

Mr. REED. Does the Senator agree that the scheme outlined in this debenture plan is not a bill raising revenue within the meaning of the Constitution?

Mr. WALSH of Montana. That is aside from the question. The decision of the Supreme Court of the United States is that when legislation has some other primary object, but the matter of raising revenue is incidental to the primary object of the bill, that is not a bill for raising revenue. This is a bill for farm relief. It provides various methods of according the relief. One of those is the issuance of debentures on the exportation of commodities. It raises no revenue. It puts no revenue into the Treasury. So far as that is concerned, it stops revenue from going into the Treasury.

I fully agree that it would be entirely indefensible in the Senate of the United States to tack on to another bill here a bill manifestly for the purpose of raising revenue "to meet the general expenses of the Government." That is the language of the Supreme Court of the United States, that a revenue bill within the meaning of the Constitution is a bill intended to raise revenue to meet the general expenses of the Government. This is not such a bill as that.

Mr. REED. On that the Senator and I do not disagree. I was anxious to find if that was his interpretation.

Mr. WALSH of Montana. I fully agree with the Senator from Pennsylvania that we could not tack a general tariff bill, for instance, to some legislation that was pending here in the Senate entirely within the scope of its activities. It is simply a question as to whether the bill is one for the purpose of raising revenue to meet the general expenditures of the Government, or whether, if it does raise some revenue, that is merely incidental to the general scope and plan of the bill dealing with an entirely different subject.

Mr. REED. Will the Senator permit another question?

Mr. WALSH of Montana. I yield.

Mr. REED. The illustration the Senator gave us, the matter of the Boulder Dam bill, with the provision for bonds, suggests a difference also, because that was not revenue in the true sense. It was merely a temporary provision of funds which would be repaid out of revenue, and that distinction might justify a different conclusion from that arrived at in the case of a general tax bill.

Mr. WALSH of Montana. The fact was that the bonds in that case were to be sold and the money was to be paid into the Treasury of the United States, as a matter of course, from the sale of the bonds, and in that sense revenue was to be raised, but it was to be raised simply incidentally to the general purpose of the bill to carry on the construction work.

I ought to say, Mr. President, that the naval bill to which I referred as having passed this body, as I recollect, unanimously, went over to the House, and after its arrival there the leader in the House merely stated that it was a bill for raising revenue, and accordingly could not originate in the Senate, and the minority leader rose and agreed with the contention made. The matter was disposed of without any argument on the constitutional question involved and without anybody calling attention at all to the adjudications by the Supreme Court of the United States or the reasons assigned by them. So that at least the Committee on Irrigation and Reclamation did not consider that that ought to be regarded as in any sense controlling upon their action.

Of course, it would probably defeat all farm relief legislation at this session of Congress should the House take that attitude, for I can not believe that, even though the necessities for the legislation are persuasive in the very highest degree, the Senate of the United States could possibly yield to any contention of that character upon the part of the House of Representatives. It would be to surrender a large part of its legislative power confided to it as well as to the House of Representatives by the Constitution.

Mr. BURTON. Mr. President, I am sorry I can not agree with the contention of the very able Senators from Arkansas, Nebraska, and Montana that the question whether the debenture plan is a revenue-raising measure is free from doubt. Those who maintain that the provisions of the Constitution are restricted to the collection of taxes rely for definition upon that very weighty authority, Mr. Justice Story, and I will concede also that the preponderance of judicial opinion by the Supreme Court of the United States is to the same effect. Nevertheless it will be noted that in nearly all the decisions rendered by the Supreme Court on this question some exceptional condition existed. For instance, in the decision in Two hundred and first United States Reports the question was of the tax on national bank note circulation, and it was held as in other decisions of the Supreme Court that the question of any revenue that might result was an incident rather than a principal object of the legislation.

It was also decided in United States *v.* Norton (91 U. S. 566) that the law creating the money-order system was not a revenue measure because the alleged object of the money-order legislation, as stated in the first section of the bill relating to it, was "to promote public convenience and to secure greater security in the transmission of money through the United States mails." The question was elaborately argued in a subordinate court of the United States in Warner against Fowler. This was an action brought against the postmaster of the city of New York for failure to deliver letters. He sought to have the case tried in the United States court because he claimed that his action was under the revenue laws of the country. This contention was sustained. It was decided in that case:

> The revenue of the State is the produce of taxes, excise, customs, and duties which it collects and receives into the treasury for public use. * * * All taxes which are imposed by the State, whether such taxes be direct or indirect, are, when collected, the revenue of the State. They are its income. As they are the revenue of the State, all laws regulating such taxes and giving such rules for their collection are taxes relating to the revenue. The duty paid for the carriage of letters by the agency of the Government is at times a most important branch of the public revenue, and the laws relating to the same are of the greatest importance to the revenue. * * * Duties or taxes collected under the tariff laws of the United States, upon the importation of foreign goods into the country, are the revenue of the State; and laws regulating the collection of such duties or taxes, and prescribing rules to officials employed in such collection, are laws relating to the revenue. This is conceded. But such duties or taxes are no more the revenue of the State than are the duties or taxes collected under the post office laws of the United States, for the carriage of letters in the public mails, the revenue of the State. And the laws regulating the collection of duties or taxes upon the importation of foreign goods into the country, and prescribing rules for the government of officials in the collection of such duties or taxes, are no more laws relating to the revenue than are the laws which regulate the mode of collecting duties or taxes for the carriage of letters in the public mails, or which prescribe rules for the conduct of officials in the collection of such duties or taxes for such carriage.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. BURTON. I would prefer not to yield.

Mr. ROBINSON of Arkansas. I merely wished to ask the Senator from what he was quoting.

Mr. BURTON. From the case of Warner *v.* Fowler (4 Blatchford, 311). Then, in United States *v.* Bromley (12 Howard, 97), it was ruled that a bill reducing postage was a revenue law.

Particularly in recent years the House of Representatives has been very insistent upon its right to restrict to its own body the originating of measures relating to revenue. Even that very able Senator from Wisconsin, Mr. Spooner, some years ago in this body struck a discordant note here in the general opinion entertained in the Senate. He said, and I read from Second Hinds' Precedents, page 961:

> Mr. President, I wish to say a word, and only a word, about this matter. I can not agree with the Senator from Alabama, and I do not quite agree with the Senator from Ohio—

Senators Morgan and Foraker, respectively—

> although I do not care to enter into a discussion of the question. I think the clause of the Constitution which says "all bills for raising revenue shall originate in the House of Representatives" uses the word "raising" in a generic sense. I do not think it means simply raising duties. Oftentimes revenue is raised by lowering duties. I think it means, in a strict sense, affecting revenue.

I most earnestly deprecate any clash between the two Houses on this subject. It is of supreme importance that some relief be given to the farming industry of the country, and I can see the possibility of a wrangle between the two Houses which would postpone such legislation indefinitely. Each House is very insistent upon its prerogatives.

I may quote, by way of digression, something said by the celebrated Federal orator, Fisher Ames, more than 100 years ago:

> The self-love of an individual is not warmer in its sense or more constant in its action than the self-love of an assembly, that jealous affection which a body of men is always bound to bear toward its own prerogatives and powers.

In recent years the House of Representatives has sought to enforce the rule that the initiative of legislation having to do with revenue must be in that body in such cases as the debt settlement with one of the foreign powers. That was said to have a bearing upon revenue. There are numerous other in-

stances which may be quoted upon which there is the same insistence.

To recapitulate, I wish to say that while I think the preponderance of judicial authority is that the constitutional provision pertains to actual provisions for the raising of revenue, that question is not free from doubt even in judicial decisions, for, as I have already said, it was decided in United States against Bromley that an act "reducing" is a revenue act, and, second, that the broad, important question of the prerogative of the two Houses is involved here and that according to recent precedents the House has insisted upon a very strong interpretation of this constitutional provision. I wish especially to warn against a deadlock between the two Houses. I do not favor the debenture plan, because I think it is utterly erroneous from an economic standpoint, and I verily believe that while it might temporarily help certain groups of farmers or even a considerable number of those engaged in agriculture for a time, yet in the long run the operation of such a measure would be very injurious to the farmers themselves.

Mr. WATSON. Mr. President, the discussion this morning well illustrates and presages what would happen if the body at the other end of the Capitol should see fit to reject the bill on constitutional grounds and return it to us simply because as they see it we have no authority whatever to incorporate the debenture plan in a senatorial bill. We have spent an hour discussing a matter that is not before us, that may never come before us, and that in any event will not reach this body for several days to come.

If and when it does come it certainly will be the occasion of prolonged discussion, as the debate this morning on what is yet a purely academic proposition well discloses. If they should reject it for that reason, it is to be presumed that all those who voted to embody the debenture plan in the Senate bill will vote that they had the right to embody it there and that they regarded it as constitutional when they did so vote, and also that other Senators who are opposed to the debenture plan might eventually take the same position. Under those conditions we could not force the House to put it in and the House could not force us to take it out. The result would be a deadlock between the two Houses, with days at least of debate upon a proposition that had no reference whatever to the merits of the question involved and to the great delay of the farm legislation.

And yet, Mr. President and Senators, I do not believe that any great good is to be accomplished by debating the question at this time. Certainly the House, as the able Senator from Ohio [Mr. BURTON] has just remarked, is jealous of its prerogative. I served, as did he and also the honorable Senator from Arkansas [Mr. ROBINSON] and fully one-third of the Senators about me, in that body for many years, and we understand how quickly touched they are on the question of jurisdiction. Therefore I very much doubt the propriety of warning them in advance about what this body intends to do, much less threatening them with anything in the nature of reprisal. I think what we ought to do to-day is to do our duty by the bill and let it go to the House and then take whatever action we may deem wise when the bill comes back to this body. But I am well aware of the fact that there has been much newspaper comment on this subject; and very naturally the newspapers comment on every phase of the subject now under consideration in Congress; yet I do not believe that, merely based on any newspaper comment, the two Houses of Congress at this time should be launched into a discussion of an academic question which may never come before the two bodies.

So, Mr. President, I most earnestly trust that we may proceed with the discussion of the amendments which have been presented, and that when they shall have been dealt with, either adopted or rejected, we may then proceed to deal with the measure itself; let it go over to the other House in due course, and let that body handle it in accordance with its wisest judgment when it reaches that body. However, as one who has served in both bodies, I do deplore at this time the tightening of this debate, and bringing the feeling between the two bodies to a high tension upon a proposition which is not yet even before either body.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Alabama.

Mr. HEFLIN. Mr. President——

The PRESIDENT pro tempore. The Senator from Alabama is recognized to speak on the bill.

Mr. HEFLIN. Mr. President, if the position taken by the Senator from Indiana [Mr. WATSON] is to prevail, then the Senate must not insist upon its rights. If the House of Representatives says that it will not pursue a certain course, and notifies us of that in advance, then we must wait until that body tells us what to do. That is the sum and substance of the position of the Senator from Indiana.

I, too, have served in the other House; and I served there longer, perhaps, than did the Senator from Indiana. I have great respect for the House and its rights; I want to treat the House right; and I want the House to treat the Senate right, for this is a mutual matter and each House should be considerate of the other. However, Mr. President, I am going to tell you what the situation is over there, as I gather it. There are a great many western Representatives who want to vote for the debenture plan, and the forces that will have the parliamentary situation in hand are trying to prevent that by refusing to let this debenture question come before the other branch of Congress. I submit that that is legislative tyranny; it is an outrageous performance. The House has no right to treat this branch of the legislative body with such discourtesy, and it has no right to treat the farmers of America in such a fashion.

This is no butterfly parade that we have on here. It goes to the fundamentals of right and wrong in government. The rights of the people are at stake. A great number of people are in distress, with their properties, both personal and real, mortgaged, are crying out to Congress to extend a helping hand. We have put a provision in the pending bill that will do the work. The debenture plan has merit in it, and the Senate has ordained that it shall be in the pending bill. Now, however, we are told that the other branch of Congress will not even permit its membership to vote on the debenture plan. It is proposed by that action to hamstring and hog tie the Representatives of the sovereign States in the other body. I submit that it is outrageous and it ought not to be tolerated by this body. If the Senate is going to sit down supinely and wait for the House of Representatives to tell it what it can do or can not do, then we have reached a pitifully low point in the scale of being. I do not want the House of Representatives to do that. I want the House to do what it thinks it ought to do, but the membership of the House is not going to be permitted to think in this matter.

Those who are going to have authority to decide the course of action are, I repeat, fixing to hog tie the membership of that body so that the representatives of the farmers out in the grain-growing West are not even going to have an opportunity to vote on the debenture plan. Then talk about fairness in legislative bodies! There is no fairness in such action. I want the Senate to stand on its rights; I want the House of Representatives to stand on its rights, and both of them to do what they think is right; but let the two bodies act, and not one or two highbrows over yonder merely announce in advance, "We are not going even to consider this bill; we are going to kick it out at the door," though it bears the solemn sanction of the Senate of the United States.

There is no Senator here who can defend that position. They can not defend it before their people at home, but they will have an opportunity to do it. It is playing politics with mortgaged homes, with distressed men and women and children, and miserable, mean politics at that.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Alabama [Mr. HEFLIN].

The amendment was rejected.

Mr. SHORTRIDGE. Mr. President, I offer the amendment which I send to the desk.

The PRESIDENT pro tempore. The amendment proposed by the Senator from California will be stated for the information of the Senate.

The CHIEF CLERK. On page 7, between lines 22 and 23, it is proposed to insert the following:

(c) The board is authorized to designate from time to time, as an agricultural commodity for the purpose of this act, (1) any regional or market classification or type of any agricultural commodity which is so different in use or marketing methods from other such classifications or types of the commodity as to require, in the judgment of the board, treatment as a separate commodity under this act; or (2) any two or more agricultural commodities which are so closely related in use or marketing methods as to require, in the judgment of the board, joint treatment as a single commodity under this act.

Mr. SHORTRIDGE. If Senators who are present will accord me their attention, I will give the reasons for this suggested amendment. I will premise my statement by saying that I have submitted the amendment to the chairman of the committee, and I think I am authorized to state that he will favor it. The reasons for the amendment are these: The term "agricultural

commodity" is not defined in the pending bill. The board is not specifically authorized to subdivide one commodity into several for the administration of the act. A commodity produced in one section may require different treatment than a like commodity in another section, as, for example, the tobacco of Kentucky or Wisconsin and the tobacco of Virginia or Connecticut and apples of the Northwest and apples of the Atlantic States. In certain regions it may be advisable that several commodities be grouped and treated as a single commodity in the administration of the act, as, for example, apples and pears or oranges, lemons, and grapefruit of Florida and California, the several varieties of deciduous fruit which may be handled and marketed by a single association.

The proposed amendment would allow the board discretion in segregating or grouping commodities. It would permit the authorization of an additional stabilization corporation when in the judgment of the board conditions make separate treatment desirable, but not more than one stabilization corporation could be established for any one regional or market classification of a commodity.

Not to multiply words at this moment, let me say that as the bill is now framed but one stabilizing corporation can be set up to deal with a given commodity. The proposed amendment will permit the board to authorize the setting up of more than one stabilizing corporation to deal with a given commodity, so that if it shall be desired by the apple growers of the Northwest—of Washington or of Oregon or of California—to seek and bring about the creation of a stabilization corporation to deal with that commodity raised in that great region, this amendment will permit the board to so authorize. I think I have made myself plain and I shall not take up more of the time of the Senate.

Mr. ROBINSON of Arkansas. Mr. President, the Senator from Indiana [Mr. WATSON], the leader of the majority, in his address a few moments ago deplored the discussion in the Senate now of the question of whether the Senate has the right to originate the debenture provision. It will be recalled by everyone who hears me that in his first speech on the pending bill the Senator from Indiana reproved the senior Senator from Arkansas for supporting the debenture plan because he then suggested and asserted that the senior Senator from Arkansas should know that the House of Representatives will decline to receive this bill if it embraces the debenture plan. Having invited and provoked discussion, after it has proceeded to the extent which discloses the absurdity of his suggestion, he now deplores any discussion of the subject until after such discussion shall have become too late. I meet the issue now because it has been raised heretofore by the Senator from Indiana himself and because it is well known, according to press reports, that an effort is being made by the leaders for the administration in the two Houses of Congress to prevent the body at the other end of the Capitol from expressing its will on this provision of the bill. After a deadlock shall have occurred no useful end will likely be accomplished then by making contention as to the respective powers and privileges of the two Houses. It is never calculated to arouse passion or prejudice for a Senator to state his view of the true interpretation of a constitutional provision, the meaning of which has become involved in controversy. The press reports to which I have alluded declare as follows:

> The most tangible evidence of what is transpiring was in the final decision of the House leaders to refuse to consider the farm bill with the debenture provision, the decision being based on the ground that a revenue measure must originate in the House.

Remember that the Senator from Indiana when he first spoke on this bill declared that the House would take that position; then remember that the press declares that the leaders of the House have assumed that position, and then explain to me, if you can, why the Senator from Indiana is now so anxious to avoid discussion of the issue. Now is the time to discuss it. The country is entitled to know, and others who are interested in the subject are entitled to know, that if this thing occurs, if the threat which the Senator from Indiana made almost two weeks ago and which is now published in the press reports shall be carried out it will probably result in the defeat of farm legislation during the present session.

Mr. President, the case referred to by the Senator from Ohio [Mr. BURTON] as supporting the contention in this debate that the debenture plan is a revenue bill, in my judgment does no such thing. On the contrary, it contains a true definition of what is a bill for raising revenue in no wise inconsistent with the policy of the Senate in incorporating the debenture plan.

Let me read from United States against Bromley, in Fifty-third Howard, at page 96. The court said:

> In its title it—
>
> Referring to the act under consideration—
>
> is declared to be an act to reduce the rates of postage and for the "prevention of frauds on the revenue of the Post Office Department." In its character and object it is a revenue law, as it acts upon the rates of postage and increases the revenue by prohibiting and punishing fraudulent acts which lessen it.

That is the definition in the Bromley case cited by the Senator from Ohio of what constitutes a revenue bill, and in my judgment it is not incorrect or in any sense inconsistent with the action of the Senate.

Mr. BURTON. Mr. President, will the Senator from Arkansas yield?

Mr. ROBINSON of Arkansas. Certainly I yield, although the Senator declined to yield to me.

Mr. BURTON. The contention which I advocated was that on the one side it was maintained that the provision in the Constitution refers strictly and absolutely to provisions for the raising of revenue.

Mr. ROBINSON of Arkansas. Yes.

Mr. BURTON. This decision shows that that is not the case, because——

Mr. ROBINSON of Arkansas. I can not yield further at this time. I maintain that the decision does not warrant the statement made by the Senator just now, for the reason that it related to the reduction of the postal rate.

As to what is the correct rule, shall we take the opinion of the Senator from Ohio or the opinion of the Supreme Court of the United States? All of us have great respect for the opinion of the Senator from Ohio; but touching a legal question that has been answered by the Supreme Court of the United States, I trust no one can be censured for following the decision of the court.

In the case that I have already cited, in Ninety-first United States Reports, United States against Norton, page 569, the Supreme Court said:

> The construction of this limitation is practically well settled by the uniform action of Congress. According to that construction, it "has been confined to bills to levy taxes in the strict sense of the words, and has not been understood to extend to bills for other purposes which incidentally create revenue." "Bills for raising revenue" when enacted into laws become revenue laws. Congress was a constitutional body sitting under the Constitution. It was, of course, familiar with the phrase "bills for raising revenue," as used in that instrument, and the construction which had been given to it.

There is a plain definition of bills for raising revenue by the Supreme Court of the United States.

Mr. WALSH of Montana. Mr. President——

The PRESIDING OFFICER (Mr. FESS in the chair). Does the Senator from Arkansas yield to the Senator from Montana?

Mr. ROBINSON of Arkansas. I do.

Mr. WALSH of Montana. I desire to remark that it would be interesting to the Committee on Post Offices and Post Roads to be informed that they have not any right to revise the entire laws in relation to the Post Office because, forsooth, there might be some change in the postal rates.

Mr. ROBINSON of Arkansas. Yes; but if the primary purpose of the bill is to raise revenue through the postal rates the Senate can not originate it, and the attempt ought not to be made.

This involves a question of good faith. If, for political purposes, you encourage the body at the other end of the Capitol to refuse to consider a provision which the Senate has a right to originate, you take the responsibility for the defeat of farm relief legislation.

When I was interrupted by the expiration of my time limit a few moments ago I was attempting to say that I do not believe the President of the United States is a party to this scheme to try to compel Senators to vote against their consciences and judgments on this important question. The statement is made that the issue shall be shifted to the tariff bill, and then that Senators who are interested in agricultural tariffs will be called into the presence of majesty and informed that if they do not discontinue their support of the debenture plan they will be denied the opportunity to secure just recognition for the agricultural interests of their constituents.

I do not believe that the President of the United States is a party to any such plan or scheme. He indicated in the begin-

ning of this session his disposition and desire to avoid even influencing Congress in the consideration of what form the relief bill should take; and now we are told that the plan is to stifle the voices of the representatives of the people, to deny them the right to vote according to their consciences and judgments, to intimidate them by denying them and their constituents the opportunity to have what they are entitled to, if they do not stultify their consciences and vote as some political authority desires that they shall vote!

The PRESIDING OFFICER. The time of the Senator from Arkansas has expired.

Mr. McNARY. Mr. President, a few days ago, in a discussion carried on on the floor of the Senate, it was thought that occasions might arise when there should be more than one stabilization corporation for a particular commodity. I think the amendment of the Senator from California meets that situation very handsomely. So far as I am concerned, I am very glad to have it written into the bill.

Mr. DILL. Mr. President, do I understand that the Senator from Oregon proposes to accept the amendment of the Senator from California?

Mr. McNARY. I stated that so far as I was concerned I had no objection to the amendment.

Mr. FLETCHER. Mr. President, I desire to ask the Senator from Oregon a question. I do not know that there is any doubt about it; but the record ought to show, perhaps, that apples, pears, oranges, grapefruit, and lemons are agricultural commodities. Would the Senator care to say that that classification covers those products?

Mr. McNARY. I think so; yes.

Mr. FLETCHER. Of course, technically speaking, they may be regarded as horticultural products; but, as I understand, horticulture is one division of agriculture.

Mr. McNARY. Yes; certainly.

Mr. FLETCHER. Consequently, these commodities would come under the head and classification of agricultural commodities.

I wanted some expression of that sort to appear in the RECORD.

Mr. DILL. Mr. President, I desire to ask the Senator another question. Does not the Senator think that the right of the board to create regional stabilization corporations would be one of the very worst things that could possibly happen with regard to perishable products?

Mr. McNARY. I do not think the board would do that if it worked an injustice on any particular region or adversely affected any commodity; but, in my opinion, the board should have power to meet a regional or sectional situation for a peculiar commodity that is grown under different conditions, and where the transportation problem is different. The amendment only gives to the board authority which is not now lodged in it to meet a situation which it might be very necessary to meet at some times and occasions.

This question was discussed in the House, and this very language is taken from the House bill. I think it is a decided improvement. It makes more liquid the definition of a commodity. It extends and amplifies the power of the board; and, in my judgment, the power would not be exercised by the board if it would injure any commodity or any section of the country.

Mr. DILL. Mr. President, let me say to the Senator that if these stabilization corporations are to be purely regional in their activities, that is one consideration; but if they are to be national in their activities and are to carry on export business, that is an entirely different matter.

From my viewpoint, it seems to me that the very worst thing that could be placed in this bill would be to suggest to the board that regional stabilization corporations to deal with perishable products might be created. If a few more things of this kind are done, this bill will open the door to more injury in the perishable-products field than it can possibly do good.

Mr. McNARY. The able Senator is entitled to his view. I do not esteem it very highly in this particular instance. If there should be more than one stabilization corporation it would be under the control of one central agency, the Federal farm board. That board would not permit one agency to do an injury to another, but it might find an opportunity at some time to employ two agencies much to the benefit of a particular commodity.

I think this is wholesome legislation, and I am willing to trust to the judgment of the board that is appointed to exercise prudently and wisely the power granted under this provision.

Mr. BLAINE. Mr. President, I might suggest to the Senator from Washington [Mr. DILL] that the proposition involved in this amendment arose, I think, out of the debate that occurred here quite a number of days ago. Following that debate, I prepared an amendment to section 5 relating to stabilization corporations, which, if adopted, would effectuate the purposes already effectuated by the amendment proposed by the senior Senator from Montana [Mr. WALSH] yesterday and adopted. My amendment also provided for exactly the same situation that is provided for in the amendment offered by the Senator from California.

I think it is very vital to the success of this undertaking that regional or marketing classifications be considered in dealing with agricultural commodities. I am not going to prolong the debate on this matter; but I call attention to the fact that with respect to the commodity of tobacco alone I assume that it would be utterly impossible to persuade all of the tobacco growers of this country to join a stabilization corporation for that one single commodity. The contest is already on between tobacco growers with respect to the tariff. Those who are growing fillers and binders desire cheaper wrappers—Sumatra wrappers—and they want a reduction in the tariff on wrappers. On the other hand, there are those who are engaged in the production of wrappers who desire the tariff increased or left alone, showing conclusively that there is keen competition respecting the same commodity. That is likewise true with regard to fruits, and with regard to that product which we produce so abundantly in my own State, the various classifications of cheese, and a great many other products.

I want to suggest to the Senator from California that his amendment, in my opinion, ought to be transposed, that he ought to provide that all of line 7, on page 8, beginning with the word "*Provided*," and all of line 8 and line 9, down to and including the word "time," should be stricken out, and that there should be inserted in lieu thereof his amendment.

My reason for making that suggestion is this: That if the amendment is inserted on page 7, then his amendment will be inconsistent with the balance of that section or paragraph, for he still would leave in the bill this language—

Provided, That no more than one stabilization corporation shall be certified for any one commodity for the same period of time—

an absolute contradiction of the amendment which he proposes. I therefore suggest that the Senator from California accept my proposal to strike out the language to which I have referred and to insert in lieu thereof the language he proposes, beginning with the word "*Provided*."

Mr. SHORTRIDGE. Mr. President, will the Senator yield?

Mr. BLAINE. I yield.

Mr. SHORTRIDGE. If I understand the proposition, I see no objection to the suggestion. It might be a matter, when the bill comes to be redrafted, of inserting this amendment at the proper place.

Mr. McNARY. Mr. President, I am unable to hear the able Senator from California.

Mr. SHORTRIDGE. If it does not change the purpose we have in mind, its place in the bill is immaterial. That is what I undertook to say, that if it does not change the purpose, just where it appears in the bill is of little moment.

Mr. BLAINE. That is true, but the Senator would still leave in the bill language which contradicts his amendment.

Mr. SHORTRIDGE. In what particular? I did not grasp the force of the Senator's remark.

Mr. BLAINE. On page 8 the Senator would still have this language in the bill:

Provided, That no more than one stabilization corporation shall be certified for any one commodity for the same period of time.

That language would still remain in the bill. Therefore, to strike this out, to carry out the purpose of the Senator from California, and as has been suggested by the chairman of the committee, I offer an amendment by way of a substitute for the amendment offered by the Senator from California. It is identically the same language, but will appear in another place in the bill.

Mr. McNARY. I am not familiar with the language of the proposed substitute. Let it be reported.

Mr. BLAINE. It is the identical language that is contained in the amendment proposed by the Senator from California, copied from the House bill word for word.

The VICE PRESIDENT. The clerk will report the amendment.

The LEGISLATIVE CLERK. On page 8, to strike out, beginning with line 7, the proviso, being the words, "*Provided*, That no more than one stabilization corporation shall be certified for any one commodity for the same period of time," and insert the language heretofore read.

Mr. SHORTRIDGE. As I understand the matter, the Senator wants that provision stricken out. Why not ask to have it stricken out and let the amendment as proposed by me go forward?

Mr. McNARY. It would be necessary to strike from the bill that provision, that there shall be no more than one stabilization corporation, and incorporate the suggestion made by the Senator from California or the Senator from Wisconsin.

Mr. BLAINE. Let me suggest to the Senator from California that this is not technical. The section which the Senator proposes to amend is section 4, referring to the commodity advisory councils. The provision which he proposes refers directly to the question of stabilization corporations, and therefore the natural and logical position of the amendment is in the section providing for stabilization corporations.

Mr. McNARY. Mr. President, I think that is the correct place in the bill, for purposes of continuity and harmony, and, so far as I am able to, as chairman of the committee, I shall be glad to accept the amendment offered by the Senator from California, and improved by the Senator from Wisconsin.

The VICE PRESIDENT. Does the Senator from California modify his amendment?

Mr. SHORTRIDGE. I do, in the respect stated. I call attention to the fact that this proposed amendment adds to section 4 of the bill as that section is found on pages 6 and 7 by adding subdivision (e), which has been read again and again. This amendment, as amended by the suggestion of the Senator from Wisconsin, is, of course, agreeable to me, and I hope it will be adopted by the Senate.

Mr. DILL. Mr. President, I am sure that the Senator from Wisconsin, the Senator from Oregon, and the Senator from California have in mind the purpose to serve the same class of farm producers I want to serve. Either they or I are under an entirely erroneous impression of what this stabilization corporation is going to do when once it is established. I refer now to the establishment of a stabilization corporation for the handling of perishable products. I am not speaking in terms of staple products that are not perishable.

I recall again the fact that when this legislation was first planned it was planned in the interest of the staple products of the farm, and no thought of using it for perishables was considered. But the legislation as written applies to perishable products as well as others, and now, by the amendment which is proposed and which the chairman of the committee is willing to accept, any community, any region, is to be permitted to set up a corporation that will go out and buy up the necessary amount of a product to hold the price firm on the market.

The difficulty with that kind of a procedure will be that as soon as the stabilization corporation has bought any considerable amount of perishable products those who are engaged in buying the products for the market will immediately adopt a policy of waiting before making purchases until it is necessary for the stabilization corporation to throw that product on the market.

There is a dead-line date in marketing perishables. It is not the same as with staple products. The inevitable result, in my opinion, will be that instead of helping the producers of perishable products it will injure them, and all the money that is invested in perishables will be lost. It may be possible to put perishable products in a stabilization corporation temporarily, for one year, and lose the money involved, and help the producers or growers temporarily, but that policy will not be indulged in more than one year when experience has taught a lesson of that kind.

As is known, I was very anxious to see apples and pears excluded from the operation of the bill. I believed at the time I made the contention and I believe now that the worst thing that could happen in this country to the great apple industry would be the establishment of a stabilization corporation in some region or community to control that product. The only hope we have had, after the defeat of that amendment, was that the board would follow the suggestion of Senators who voted against the amendment, to the effect that the board would never consider the issuance of a certificate for a stabilization corporation to a few mere regional cooperative associations. But now the Senator from California brings in an amendment, and the Senator from Oregon announces his willingness to accept it, which would open the door and encourage the board to do the very thing which Senators who voted against my colleague's amendment said it was inconceivable the board would ever do.

I had hoped there were some good things in this stabilization proposal but if it is to be applied to perishable products it will inevitably destroy the market of the products as to which the stabilization corporation is created or the money invested in perishables will be lost, because the products purchased will be held too long.

I hope the amendment will be defeated. If it is not defeated I hope that the board will have enough judgment never to allow it to apply to perishable commodities.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from California, as modified.

Mr. BLAINE. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. REED (when his name was called). I have a general pair with the Senator from New Mexico [Mr. BRATTON]. I do not know how that Senator would vote, so I transfer the pair to the Senator from Rhode Island [Mr. METCALF] and vote "yea."

The roll call was concluded.

Mr. PESS. I desire to announce that the Senator from Connecticut [Mr. BINGHAM] has a general pair with the Senator from Virginia [Mr. GLASS].

Mr. SCHALL. I would like to announce that my colleague the senior Senator from Minnesota [Mr. SHIPSTEAD] is still in the hospital.

Mr. SWANSON. I have a general pair with the senior Senator from Washington [Mr. JONES], who is detained from the Senate on account of illness. Consequently I withhold my vote.

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from Wyoming [Mr. KENDRICK] is detained by illness.

Mr. SHEPPARD. I wish to announce that the senior Senator from Montana [Mr. WALSH], the junior Senator from Montana [Mr. WHEELER], and the junior Senator from Arkansas [Mr. CARAWAY] are detained on official business.

Mr. WAGNER. I wish to announce that my colleague the senior Senator from New York [Mr. COPELAND] is unavoidably absent.

The result was announced—yeas 47, nays 30, as follows:

YEAS—47

Blaine	George	McNary	Schall
Borah	Glenn	Moses	Sheppard
Brookhart	Goff	Norbeck	Shortridge
Capper	Greene	Norris	Steiwer
Couzens	Harris	Nye	Thomas, Idaho
Cutting	Harrison	Oddie	Townsend
Dale	Hastings	Phipps	Trammell
Deneen	Hatfield	Pine	Vandenberg
Edge	Howell	Ransdell	Walcott
Fess	Johnson	Reed	Warren
Fletcher	La Follette	Robinson, Ind.	Watson
Frazier	McMaster	Sackett	

NAYS—30

Allen	Goldsborough	McKellar	Thomas, Okla.
Ashurst	Gould	Overman	Tydings
Barkley	Hale	Pittman	Tyson
Black	Hayden	Robinson, Ark.	Wagner
Blease	Hebert	Simmons	Walsh, Mass.
Burton	Heflin	Smith	Waterman
Connally	Kean	Steck	
Dill	King	Stephens	

NOT VOTING—18

Bingham	Gillett	Keyes	Swanson
Bratton	Glass	Metcalf	Walsh, Mont.
Broussard	Hawes	Patterson	Wheeler
Caraway	Jones	Shipstead	
Copeland	Kendrick	Smoot	

So Mr. SHORTRIDGE's amendment was agreed to.

The VICE PRESIDENT. The bill is still before the Senate as in Committee of the Whole and open to amendment.

Mr. HARRIS. Mr. President, I offer an amendment which I think is satisfactory to the chairman of the committee.

The VICE PRESIDENT. The amendment will be reported.

The LEGISLATIVE CLERK. At the proper place in the bill insert the following:

That the inclusion in any governmental report, bulletin, or other Government publication hereinafter issued or published of any prediction with respect to cotton prices is hereby prohibited.

SEC. 2. Any officer or employee of the United States who authorizes or is responsible for the inclusion in any such report, bulletin, or other publication of any such prediction, or who knowingly causes the issuance or publication of any such report, bulletin, or other publication containing any such prediction shall, upon conviction thereof, be fined not less than $1,000 or more than $10,000, or imprisoned for not more than five years, or both: *Provided*, That this provision shall not apply to the members of the Federal Farm Loan Board created under this act, and when done in the performance of their duties herein provided for.

Mr. McNARY. Mr. President, when this matter was suggested a few days ago I stated I thought there was a general law covering the situation described by the Senator in his amendment. Some members of the committee expressed to the chairman their disapproval of the amendment which was offered. I am told that the Senator from Georgia has met those objections. It is a matter that applies particularly to cotton. I always look to Members of the Senate from the South in the consideration of those problems about which they know so much more than I do. Personally I have no objection to the pro-

posal if it meets with the approval of the members of the committee who come from the Southern States where cotton is the chief product.

Mr. RANSDELL. Mr. President, may I ask a brief explanation from the proposer of the amendment?

Mr. HARRIS. Mr. President, this amendment is intended to prevent what happened in September two years ago, after the cotton crop had matured and most of it gathered. Employees of the Agriculture Department made public in their report a prediction that cotton would go down in price very soon. The very day that report was issued—and it was done without any authority of law—the price of cotton dropped $10 a bale and continued to go down in price. The statement caused prices to go down so much that the value of the farmers' cotton, after the crop had been made, was reduced more than a hundred million dollars. The farmers who had worked hard all the year had a large part of their earnings taken from them by the unauthorized statement of a Government employee, who predicted that cotton would go down. The speculators and manufacturers thought there must be some reason for such a statement and they used it to depress the price and buy cotton at far less than it had cost the farmer to produce it. That statement caused tens of thousands of farmers' families to deny themselves necessities of life during the next year. Thousands of farmers' children were unable to attend school because of this report. Many thousand farmers had their farms and homes sold because of the statement of an irresponsible Government employee. That statement caused thousands of business failures in the South; in fact, all business, laborers, and those engaged in professions suffer when the cotton farmers are not prosperous.

My amendment will prevent such statements in the future. No employee will again make such statement, knowing that it would cost them several thousand dollars or several years in the penitentiary. The amendment applies not only to employees of the Agriculture Department but to all employees under the board created under the act we are now considering.

On account of its importance to the cotton growers and everyone living in that section, I sincerely hope there will be no opposition to this amendment.

Mr. McNARY. Did the Senator ascertain, upon inquiry, if an existing law does not cover the situation?

Mr. HARRIS. The existing law is in the agricultural appropriation act, and there is no penalty whatever attached to it. It simply provides for taking the salary from anyone who gives out such a statement, so that it is not worth anything. The amendment covers the language of bills we have passed two or three times except that it applies also to the employees of the new board to be created under the bill now before the Senate.

Mr. RANSDELL. The explanation is satisfactory, and I believe the amendment is a good one.

Mr. WALSH of Massachusetts. Mr. President, will the Senator state what the penalty is?

Mr. HARRIS. From $1,000 to $10,000 fine and from 1 year to 10 years in prison, or both.

Mr. WALSH of Massachusetts. Does the Senator think the abuses have been so great as to justify the creation of a crime punishable to this degree?

Mr. HARRIS. The Senator from Georgia thinks this is not too great a punishment compared to the damage which could be done and was actually done two years ago, when a statement by an employee of the Department of Agriculture cost the farmers more than a hundred million dollars in the value of cotton. The statement from the department predicting a lowering of the price of cotton that very day cost the farmers $60,000,000, and the statement kept down the price the entire season.

Mr. SMITH. Mr. President——

The VICE PRESIDENT. Does the Senator from Georgia yield to the Senator from South Carolina?

Mr. HARRIS. I yield.

Mr. SMITH. I think after the investigation we have had a provision of this kind is absolutely necessary to prohibit unwarranted statements issuing from our Department of Agriculture affecting, as they do, the sale of our agricultural products. That investigation led a majority of the committee to the conclusion that the statement issued by the department two years ago, to which the Senator from Georgia refers, was primarily and perhaps almost entirely responsible for the immediate break in cotton and the subsequent decline in price.

Mr. WALSH of Massachusetts. Mr. President, will the Senator yield for another question?

Mr. HARRIS. Certainly.

Mr. WALSH of Massachusetts. I can understand how officials of the Government in all departments make errors and mistakes and that they might make exaggerated statements sometimes. I would like to ask if there is not some benefit to the cotton industry and agricultural interests generally in having the bulletins issued by the department?

Mr. HARRIS. None whatever when they relate to price predictions.

Mr. WALSH of Massachusetts. So it is better not to have any at all?

Mr. HARRIS. The amendment forbids only the issuance of predictions as to prices, but not as to other bulletins and reports in regard to the condition of crops, and so forth. It only relates to employees without any authority of law whatever predicting the price of cotton.

Mr. WALSH of Massachusetts. It seeks to prevent any employee from making a prediction as to prices?

Mr. HARRIS. It relates only to price predictions. Two years ago, immediately after the hundred million dollars loss to our people, when Congress met in December I introduced a bill providing a similar penalty, but not being on the committee to which my bill was referred it was not considered. On March 30, three months after my bill had been introduced, the Senator from Alabama [Mr. HEFLIN] introduced a bill similar to mine. He is a member of the committee, and the committee considered and approved his bill, which the Senate passed. I was glad to support his measure, similar to mine, and it was passed by the Senate but failed in the House. For fear the bill would not pass the House, the agricultural appropriation subcommittee, of which I am a member, approved an amendment to the bill appropriating funds for the next year for the Department of Agriculture and provided that no part of that appropriation should go to any employee of the department that gave out a statement or report relative to the price of cotton.

Mr. HEFLIN. Mr. President——

The VICE PRESIDENT. Does the Senator from Georgia yield to the Senator from Alabama?

Mr. HARRIS. I yield.

Mr. HEFLIN. The Senator from Georgia is entirely correct. The bill I drew passed the Senate providing a penalty for the making of predictions as to prices of farm products. The bill failed in the House. There is no penalty provided now. The Senator's amendment would not interfere with the gathering and dissemination of statistics. We all want that done. We do not object to the department saying that there are so many bushels of wheat produced and so many bushels consumed and so many bushels exported, and that there are so many bales of cotton produced, so many on hand, so many consumed, and so many exported. What we object to is that one of the Government employees or officials, after doing that, says, "It is our opinion that the price of cotton will go down." Two years ago such a statement was made and it broke the market $60,000,000 in a little while, as the Senator from Georgia suggested.

Mr. HARRIS. It broke the market that amount in one day.

The VICE PRESIDENT. Senators desiring to interrupt other Senators must address the Chair.

Mr. HARRIS. Mr. President——

Mr. HEFLIN. I yield to the Senator from Georgia.

Mr. HARRIS. The drop in price cost the farmers in one day $60,000,000 on the number of bales of cotton on hand that day.

Mr. HEFLIN. Yes; and we had witnesses before our committee, as the Senator from South Carolina [Mr. SMITH], who was the chairman of the committee, will recall, who testified that it cost on the entire crop probably $400,000,000. Such a thing ought not to be permitted. The idea of a Government agent saying that, in his opinion, the price is going to go down. No government ever conferred such authority upon a government official, and it ought not to do so. I hope the amendment will be adopted.

The VICE PRESIDENT. The question is on the amendment proposed by the Senator from Georgia.

Mr. SHORTRIDGE. Mr. President, let the amendment be stated.

The VICE PRESIDENT. The Secretary will state the amendment.

The LEGISLATIVE CLERK. It is proposed to insert at the proper place in the bill the following:

That the inclusion in any governmental report, bulletin, or other Government publication hereinafter issued or published of any prediction with respect to cotton prices is hereby prohibited.

SEC. 2. Any officer or employee of the United States who authorizes or is responsible for the inclusion in any such report, bulletin, or other

publication of any such prediction, or who knowingly causes the issuance or publication of any such report, bulletin, or other publication containing any such prediction shall, upon conviction thereof, be fined not less than $1,000 or more than $10,000, or imprisoned for not more than five years, or both: *Provided*, That this provision shall not apply to the members of the Federal farm loan board created under this act and when done in the performance of their duties herein provided for.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Georgia [Mr. HARRIS].

Mr. SHORTRIDGE. Mr. President, the proviso seems to me to be very important. I will inquire of the Senator, who has proposed the amendment, if it means that the board to be created under this proposed act shall have full liberty to predict prices in respect to any agricultural commodity?

Mr. HARRIS. It does not. It provides distinctly that that may be done by the board only as a part of their duties as provided under the bill, and they can not go beyond that. They will have no right to predict prices.

Mr. SHORTRIDGE. So they are inhibited from predicting prices as are other officials referred to in the amendment?

Mr. HARRIS. Yes; except as their duties under the proposed legislation may require them to make statements.

Mr. SHORTRIDGE. Will their duty require them to predict prices?

Mr. HARRIS. I do not think so. I would not favor that.

Mr. BLEASE. Mr. President, should not the amendment include a provision to the effect that the offending official shall be guilty either of a felony or of a misdemeanor? It seems to me as the proposed amendment reads that if adopted it would not create any crime; it merely says "upon conviction thereof." I think in order to create a crime it should read that the offender shall be guilty of a misdemeanor or guilty of a felony.

Mr. WHEELER. I suggest to the Senator from South Carolina that it is not necessary to put that language in the bill, because if the offense carries a penitentiary sentence with it, it is a felony, and if it does not carry a penitentiary offense with it it is merely a misdemeanor.

The VICE PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Georgia [Mr. HARRIS].

The amendment was agreed to.

Mr. RANSDELL. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment proposed by the Senator from Louisiana will be stated.

The LEGISLATIVE CLERK. On page 16, line 13, it is proposed, after the word "principal," to insert the words "and interest," so that the sentence will read:

Payments of principal and interest upon any such loan shall be covered into the revolving fund.

Also, it is proposed to strike out all of lines 14, 15, and 16, after the words "the revolving fund."

Mr. RANSDELL. Mr. President, I ask the attention of the chairman of the committee to the amendment, which I shall now explain very briefly. The paragraph in question provides that payments on the principal of loans shall be covered into the revolving fund, but later on in the same paragraph it is provided that payments of interest on loans shall be covered into the Treasury as miscellaneous receipts. My contention and the contention of those with whom I have discussed the matter is that if there be merely carried into the revolving fund the payments of principal but not the payments of interest, in a few years the revolving fund will cease to exist, and that there ought to be carried into the revolving fund not only the payments on the principal but the payments of interest. I ask the chairman of the committee if the amendment is entirely agreeable to him, as I understand he has stated?

Mr. McNARY. Mr. President, there is good logic in what the Senator from Louisiana has said. I do not know why principal and interest should not be covered into the revolving fund instead of there being a division, so that the principal will go into the revolving fund and the interest into the unappropriated funds of the Treasury for miscellaneous purposes. I think probably it would be well to cover the payments both of principal and interest into the revolving fund; but they are all Government funds, and if the division of principal and interest should result in a depletion of the revolving fund and Congress should feel the need of applying additional assistance, unquestionably an appropriation would be made to meet the situation. However, I have no objection to the proposal which has been made by the Senator from Louisiana.

The VICE PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Louisiana [Mr. RANSDELL].

Mr. ROBINSON of Arkansas. Mr. President, unless something occurs in the course of the debate to prompt further discussion, it is my intention now to conclude what I have to say on the subject of the right of the Senate to initiate the debenture provision in the pending bill and the efforts of a political nature which are being made to prevent a decision on the question being reached by the body at the other end of the Capitol.

It is asserted upon the authority of writers who assume to speak for the administration that—

"Eastern administration Senators" gave out word yesterday that they are beginning to look with disfavor upon certain farm schedules—

That is, tariff schedules—

because the Senators whose States benefit from these schedules voted for the debenture plan.

And also the declaration is made:

At any rate, it is believed the administration would be better prepared and more willing for the debenture fight to center around the tariff.

Two Senators are mentioned as having voted for the debenture plan. It is said:

They could be called in after the fight has shifted to the tariff measure and told to look at the tariff protection granted in the pending bill for tomatoes and grapefruit.

This manifests a deliberate purpose not only to invoke a constitutional provision not applicable—and plainly not applicable—according to the opinion of courts and lawyers and political authorities to prevent consideration of the debenture plan, but to stimulate and encourage good, old-fashioned log rolling and intimidation in the process of tariff making. Is that the high moral standard to be prescribed in our time for legislation by the National Government? Those who oppose the debenture plan, both in Congress and out of it, including newspaper writers who have expressed themselves upon the subject, have ignored the fact that there is little distinction in principle between high-protective tariffs levied for the benefit of the manufacturing interests and debentures issued to make agricultural tariffs effective for the agricultural interests.

Moral resentment is aroused when an effort is made to give farmers the benefit of the tariff; it is pronounced unsound in economics, but it seems to be the acme of morality, approaching the highest state of piety in the Christian mind, to levy prohibitive tariffs at the expense of farm producers for the benefit of trusts and monopolies that have enjoyed the privilege of price fixing to a degree that can scarcely be tolerated by a free people. Let me say to those on the other side of the aisle that they will wake up one of these days to the fact that there is an issue of right and wrong underlying this question that can not be averted by political or parliamentary subterfuges.

Another writer, close to the President, the genial and able Mr. Mark Sullivan, in the Sunday Evening Star, gives his view of what Hoover administration farm relief means. I will put the entire article in the RECORD, but he summarizes in this way:

In short, this policy, that the American farmer shall not try to be an exporter to the rest of the world, is certain to be basic in the immediate future of American agriculture * * *.

To the farmer we say, in effect, "Limit yourself to producing just enough for the American market or as near that as you can approximate, and we will pay you American prices for it—prices higher than any other farmer in the world gets. We will keep you under the protective tariff cloak with the rest of America and prevent the Argentinian, Australian, or Canadian farmer from selling in competition with you. America shall have the highest standard of living in the world and you shall share it. Confine yourself to the American market and be content with American high prices for your crops. Don't bother with trying to raise anything for export, which, in the nature of thinks, must be sold at low prices."

Now let us contrast this policy for farming with the quite different policy we have for manufacturing. To manufacturing we say:

"Export! Export more and more. Flood the world with American-manufactured goods. Send American manufactures to the farthest corner of the earth. Make America the greatest exporting nation—in manufactures—in the world." * * *

Presently we shall reach a point where the farmer will be only, let us say, one-fifth of the total population, where the farmer will only have one vote, while the other industrial interests will have four votes. About that time something may happen. About that time the manufacturers and all those engaged in other industries may say their food is costing them too much. They will run into a period where it is difficult to sell American-manufactured goods abroad because of the competition of other countries. They will encounter obstacles to carrying out the grandiose advice about flooding the world with American exports of manufactures.

And then the plan proposes to take the tariff off of agricultural products and leave the farmer wholly unprotected, while the highest rates known in tariff history are to be imposed on the importation of manufactured goods.

I do not know where the conception of this bill originated. Is it the policy of the United States to suppress agriculture? Is it the purpose of this administration to cease all agricultural development, to drive more and more farmers from the fields to the cities, to restrict the agricultural population so that the farmers shall find their political influence diminished? If it is, then the best thing that could happen to the United States would be the defeat of the bill. If that is the policy of farm relief, God save the country from such farm relief!

The true policy which this Nation ought to pursue is to encourage in every reasonable way both agriculture and manufacture. There is no justification for destroying or suppressing agriculture for the benefit of the manufacturer. The principle is wrong. It can not find support in the conscience and judgment of the American people.

This question involves issues which are just beginning to appear. You make a political issue of the farm question, and then you complain when Senators discuss the bill from a political standpoint. You say that it was an issue in the last election; the President won, and therefore those who were defeated ought to submit to his views and ought not to try to exercise the power and the function vested by the Constitution in members of legislative bodies.

The VICE PRESIDENT. The time of the Senator from Arkansas has expired.

Mr. ROBINSON of Arkansas. Mr. President, I ask to have printed in the RECORD at the end of my remarks the two newspaper articles to which I have referred.

The VICE PRESIDENT. Without objection, it is so ordered.

The matter referred to is as follows:

[From the Sunday Star of May 12, 1929]

BAN ON SURPLUS CROPS ONE AIM OF RELIEF BILL—FARMERS EXPECTED TO RAISE ONLY AS MUCH FOOD AS UNITED STATES ITSELF NEEDS

By Mark Sullivan

To say the passage of the farm relief bill is a turning point in farming would be dramatic. It does have dramatic meaning—but it is not a turning point. On the contrary, it is the acceptance and final crystallization of a trend that has been under way for more than two generations.

The new farm relief plan, when in operation, should make many farmers more prosperous. It may even make many farmers very prosperous, indeed. That depends largely on the men who will manage the new Federal farm board.

The new plan will make farmers more prosperous so long—and this is important—as the total number of farmers is kept down to the number who can raise just enough for the American market and no more. But the new plan will hardly cause farming to become a growing industry. It will hardly cause the price of farm land to go higher—which is one form of prosperity that some farmers wish for. Almost certainly the new plan will not reverse the drift of population from farm to city. On the contrary, the new plan accepts that drift as a thing to be contended with. The new farm relief plan contemplates bringing greater prosperity to approximately the present number of farmers, but does not contemplate that the number shall increase.

SURPLUS FROWNED UPON

The plan of farm relief about to be adopted has a fundamental assumption. The assumption is that the farmer shall cease raising a surplus for export; that he shall raise just as much as can be consumed in America and no more. (What is here said refers to the familiar American crops, such as wheat, and does not, of course, refer to cotton, which is and always has been raised largely for export.)

The relief that is about to go into effect goes on the basic assumption that the farmer's export surplus is an embarrassment, a thing to be avoided. The plan will tend in its working out toward reducing the farmer's export surplus to as near nothing as is practicable. It looks to keeping the American farmer prosperous by keeping his crop down to what the American consumer can buy, and at the same time making the American consumer pay a fairly high price.

In effect, the policy of this bill says: "Let the farmer stop trying to raise crops for sale in Europe; let him confine himself to raising crops that America can consume, and only so much of them as America can consume." Stated with concrete reference to one crop, the policy says: "Raise just as much wheat as you can sell in America, and no more. As to the remainder of your wheat acreage, on which you now raise wheat for Europe, turn that acreage into other crops which America can consume."

Hand in hand with this farm relief policy goes a tariff policy supplementing it and meant to be equally helpful to agriculture. In the tariff bill about to be passed it is proposed to say in effect: "We will put a protective tariff not only on all crops now raised in America but on all crops that can reasonably be raised in America—in short, we will give to the American farmer a substantial monopoly of the American market as to all products that American farmers can reasonably raise."

I have said that this policy of keeping the export surplus as near zero as practicable is fundamental in the program now being adopted. It is likewise fundamental in the alternatives proposed. While limitation of the export surplus is not so apparent in the "debenture" or bounty plan, or in the "equalization fee" plan, it is necessarily inherent there.

If a bounty on exports should be paid, either by the farmers themselves or by the Government, the tendency would inevitably be to keep the bounty low by keeping the exports low. Senator NORRIS, of Nebraska, who supported the debenture plan, understood this condition and accepted it. His amendment to the debenture plan contemplated, in effect, that the export surplus should not become larger than it now is.

In short, this policy, that the American farmer shall not try to be an exporter to the rest of the world, is certain to be basic in the immediate future of American agriculture.

IMPORTANT RESULTS SEEN

From this policy—limiting the American farmer to raising as much as the American market will buy—certain results will follow, socially and perhaps politically. We can understand them by comparing our policy about farming with our policy about other industries.

To the farmer we say, in effect:

"Limit yourself to producing just enough for the American market, or as near that as you can approximate, and we will pay you American prices for it—prices higher than any other farmer in the world gets. We will keep you under the protective-tariff cloak with the rest of America, and prevent any Argentinian, Australian, or Canadian farmer from selling in competition with you. America shall have the highest standard of living in the world and you shall share it. Confine yourself to the American market and be content with American high prices for your crops. Don't bother with trying to raise anything for export, which, in the nature of things, must be sold at low prices."

Now, let us contrast this policy for farming with the quite different policy we have for manufacturing.

To manufacturing we say:

"Export! Export more and more. Flood the world with American manufactured goods. Send American manufactures to the farthest corner of the earth. Make America the greatest exporting nation—in manufactures—in the world."

There is no malice, no evil intent, in this contrast between what we say to farmers and what we say to manufacturers. The contrasting treatment is not deliberately devised by anybody; it is the fruit of conditions at least two generations old. It began when we adopted the policy of a protective tariff to stimulate manufacturing. Also, the writer in other articles has explained that manufacturers can practice mass production, while farmers can not. And mass production makes it easy for manufacturers to have an export surplus successfully.

Let us now see where the American farmer will end if these two principles are followed out—limitation of exports for the farmer, expansion of exports for other industries; nonexport for the farmer, aggressive export for the manufacturer. Let us examine the ultimate outcome of these two policies running parallel.

Farmers and their families compose about one-fourth of the population of the United States—about 28,000,000 persons on farms out of a total population of about 118,000,000. Two or three generations ago, before we began to stimulate manufacturing by means of the protective tariff and otherwise, the farmer was more than half the total population.

FARMERS' STATUS IN UNITED STATES

The farmer is now about 25 per cent of the Nation. He has that percentage of standing, of prestige, that share in the country's economic structure. Also he has that proportion of political power, that measure of capacity to have his way.

By 1940 the total population of the United States, as the ordinarily accepted rate of increase, should be about 136,000,000. All this increase of 18,000,000, if the present policy is continued, will have gone into manufacturing and trade, into industries other than farming.

One can count on this because the farmer is told to keep his business down to where it will supply merely the domestic American market. To be sure, the increased 18,000,000 of population will consume that much more wheat, corn, and other farm goods, but there will be no increase in the number of farmers. This is true, first, because the present export surplus which the farmer is now counseled to forget and dismiss will be enough to feed much of the added population in America; second, because methods of farming always are being improved and the improvement in methods will increase farm production sufficiently to take care of the greater population without any increase in the number of individuals employed in the industry of farming.

Meantime the entire increase of population will have gone into industries other than farming. The farm population will be stationary. The industrial population will be increasing rapidly. Ten years from now the farmer will be less than 25 per cent of the total population. The farmer's share of population, the farmer's share of the total voting

strength, the farmer's proportion of influence in politics, his place in the whole economic and social structure will be steadily growing less. The farmer's economic status and his social status will tend to become that of gardener to an immense manufacturing and business community.

CHANGES ARE FORECAST

Presently we shall reach a point where the farmer will be only, let us say, one-fifth of the total population, where the farmer will have only one vote, while the other industrial interests will have four votes. About that time something may happen. About that time the manufacturers and all those engaged in other industries may say their food is costing them too much. They will run into a period where it is difficult to sell American manufactured goods abroad because of the competition of other countries. They will encounter obstacles to carrying out the grandiose advice about flooding the world with American exports of manufactures.

At that point the manufacturers may say that America must reduce its manufacturing cost. Among the first things to occur to them will be the thought that America's food is costing too much. The employees and everybody engaged in other industries will say the same thing. Under the pressure of diminishing wages they will look about and say:

"The gardener's pay is too high; our food is costing us too much. Let us take the tariff off farm products. We must buy our food as cheaply as possible. If Australia or South America or Canada is willing to produce food more cheaply, we must buy from them."

This would be the logical course of a country in process of becoming mainly a manufacturing country. If manufacturing and export is the main industry, agriculture must become subordinate. That is what happened to England when she became a manufacturing nation.

This definite subordination of farming to other industries would seem likely to be the ultimate outcome of these two policies running parallel, the policy of nonexport for the farmer and aggressive export for the manufacturer.

The farmer, relative to the rest of the population, is in a current similar to what has happened as between the horse and the automobile. In the beginning the automobile had to conform to the horse. Legislation took care of the horse and the driver of horses—at one time some State laws required the automobile driver to stop until the horse driver should pass him. As the automobile industry grew stronger, legislation took increasing care of it. To-day, in several cities, the horse is actually ruled off some streets.

All this, of course, is about the future, and may turn out to be wrong. Other forces, not now possible to foresee, may come into play. One thoughtful farm leader admits all that is said here about the present. As to the future, however, he envisages a different outcome. He says there will be, so to speak, a merger between much of manufacturing and much of farming. There will be a decentralization of industry. He thinks that much manufacturing, now carried on in cities, will depart from the high taxes, high wages, and otherwise high costs of the towns. They will go out to the villages. Farming communities will be dotted with factories. Some farmers will become part-time farmers and part-time workers in industry.

[From the Washington Post of May 14, 1929]

DEBENTURE ROW MAY BE SHIFTED TO TARIFF BILL—HOOVER INFLUENCE SEEN IN MOVE TO SWITCH FARM REBATE PROPOSAL—HELD IMPROPERLY IN SENATE MEASURE—HOUSE LEADERS REFUSE TO CONSIDER IT AS PART OF RELIEF PROGRAM—PROVISION TO PASS UPPER BODY TO-DAY—INCREASES IN DUTIES LOOKED ON AS LEVERS TO AID BATTLE AGAINST BLOC PLAN

By Carlisle Bargeron

President Hoover's hand was seen in the extra session imbroglio yesterday as there appeared a well defined movement to switch the debenture fight from the farm relief bill to the tariff.

It is believed that the administration is of the opinion that it can better handle the debenture advocates if it gets them face to face with specific tariff rates, or if the worst is to come it would not be heartbroken if no tariff bill passed at all, especially the present one.

The most tangible evidence of what is transpiring was in the final decision of the House leaders to refuse to consider the farm bill with the debenture provision, the decision being based on the ground that a revenue measure must originate in the House. The House leaders have inclined to this stand all along, but were swayed by the argument of Senator WATSON, Republican leader of the upper House, that should they make the fight on this ground the debenture ranks in the Senate would be strengthened.

DEBENTURE TO PASS SENATE

But the House leaders have decided to take their stand and their decision follows considerable week-end activity at the White House, not the least of which were invitations to both Senators BORAH, of Idaho, and FESS, of Ohio, to come up and dine.

The Senate will pass the farm bill with the debenture provision probably to-day. Then the deadlock between the two Houses will follow. In due time the tariff bill will come over to the Senate and the debenture proponents plan to tack it onto the tariff measure. It would appear to be logical to assume that with this provision on the tariff bill the Senate pressure for retaining it in the farm bill would be lessened, whereupon the farm bill could be gotten out of the way. It might then be held as answering Mr. Hoover's campaign promise to the farmers, for the time being, at least.

At any rate, it is believed the administration would be better prepared and more willing for the debenture fight to center around the tariff.

TARIFF RATES TO BE ARGUMENT

The two Florida Senators voted for the debenture plan. For example, they could be called in after the fight has shifted to the tariff measure and told to look at the tariff protection granted in the pending bill for tomatoes and grapefruit. But if these gentlemen insist also on the debenture plan then it might be necessary, they could be told, to eliminate the tariff increases on tomatoes and grapefruit.

It is significant that the word began to go out from "eastern administration Senators" yesterday that they were beginning to look with disfavor upon certain farm schedules because the Senators whose States benefit from these schedules voted for the debenture plan. The word was one of the indefinable, untraceable things that go about the Capitol. Just who were the "eastern administration Senators" is not known, but the incident serves to show how the debenture might be better handled by its opponents when it is involved with the tariff bill.

But if the progressive Republicans and Democrats keep their alliance it is difficult to see how the "disfavor" of the "eastern administration Senators" can mean anything, except that they could prevent any tariff bill at all.

BORAH FAVORS PROPOSAL

It is known to have been Senator BORAH's attitude all along that the administration would be better off if it confined the debenture fight to the tariff bill alone. There is reason to believe that he gave Mr. Hoover this idea when he went to the White House for luncheon Sunday, the result of Senator FESS, of Ohio, having called him a "pseudo-Republican."

The President and the Idaho Senator had full opportunity for a frank discussion, as the Senator and Mrs. Borah were the only luncheon guests.

The Ohio Senator was called into the dinner party, at which there were several guests, apparently in order that the White House would not be placed in the light of taking sides. The President is having trouble with his invitations.

Coincident with the other week-end developments and bearing on the plan to shift the debenture fight, Mr. Hoover was authoritatively represented yesterday as being dissatisfied with the tariff bill in general and several items in particular.

WOULD AID FARMER ONLY

He has taken steps, it is said, to have some of the proposed farm schedules increased and the proposed industrial rates reduced, generally to bring the bill in line with his conception of a tariff revision for the farmer and not for everybody.

The House leaders are planning to hoist some of the farm rates, but the President is represented as feeling that the Senate will offer the better opportunity of getting a bill that will more fully reflect his "limited revision" views.

This representation of the President's mind seems strange, because it is the Senate that has been giving him the most trouble. The House has been going around cackling that it was not only the fair-haired but the more intelligent body.

This presidential attitude, however, may serve to get the farm bill out of the way, come what may on the tariff.

Mr. HARRISON. Mr. President, as little respect as I have always had for Republican campaign promises, I never thought that the Republican Party would be guilty of so flagrantly violating a recent promise as they have in the consideration of this farm relief bill.

You present a pitiful sight—men who gathered in your national convention and wrote a platform such as this! Men who went forth in the campaign and from a thousand rostrums proclaimed your party's pledge for real farm relief. Why, here in your campaign book, upon the arguments on which you ran and upon which your President was elected, there are 86 pages on The Farmer and the Republican Party and 40 pages of your campaign book on Herbert Hoover, Friend of American Agriculture. How your actions now differ from your assertions.

Here is what your platform said. I want to burn it into your minds, even though I know it will not warm your hearts. You closed your paragraph on agriculture as follows—and this was after you barred the doors of your convention hall against the farmers and closed your ears to their pathetic appeals. I do not know where my friend from Indiana [Mr. WATSON] was at that time. He started out at the head of the procession, but some one kidnaped him before he got very far.

Here is what the platform says:

The Republican Party pledges itself to the development and enactment of measures which will place the agricultural interests of America on a

basis of economic equality with other industries to insure its prosperity and success.

That is what you stated. I suspect that my genial friend from Ohio [Mr. FESS] had something to do with writing that. I know that my friend from Utah [Mr. SMOOT]—who does not honor me now with his presence, but I wish some one would send for him—had a hand in writing it. Do you believe that the tariff monstrosity now being incubated in the House redeems that pledge?

What measure could be conceived that more assuredly carries out in spirit and in letter this pledge than is incorporated in the debenture plan? What other object has it than to "place the agricultural interests of America on a basis of economic equality with other industries"?

Even though at that time you proclaimed your party's virtue and expressed clearly your pledge, here is what the Democrats said about your platform and about your record and about your administration:

> Deception upon the farmer and stock raiser has been practiced by the Republican Party through false and delusive promises for more than 50 years.

That is the way we started out. That statement is now proven true. I did not believe that you would give the farmer relief, but I did think you would make an open effort to do it. I never believed that the Republican leadership would sink to such depths as to employ tactics only comparable to the 3-shell-and-pea game. Leadership here, leadership in the House, and leadership at the other end of the Avenue—working together—employing unprecedented and deceptive means to defeat and destroy farm relief through the debenture plan.

You know it is true. You know there is a concert of action. Why, my friend from New Hampshire [Mr. MOSES]—who was the eastern manager of the Republican Party in the late campaign, who had—yes, had—his troubles with Doctor Work, but who was kept on throughout the campaign—the other day upon the floor of the Senate asserted that the passage of this debenture plan on the farm relief bill was an affront to the House of Representatives. Was he speaking without the cards, or was he voicing the sense and the opinion of the man in the White House?

The Senator from Ohio [Mr. FESS]—who basks so often in the presence of the President, swinging his feet under the President's table and throwing the medicine ball in the charmed presidential circle—all of a sudden last week became so angry with those who differed from him and his chief that he wrote the celebrated letter to his friend Sheppey out in Ohio. It was not a personal letter. If you ask me whether it was in reply to some letter, I do not know. He did not state in his celebrated epistle that it was in reply to some letter that Sheppey had written to him. He just says, "My dear Sheppey," and then he hops off, and he starts out and abuses those men in the Republican Party who had the courage to stand here in their places in the Senate and vote their convictions and by their speeches and votes redeem the pledges they made for themselves and their party in the late campaign. They are called "pseudo-Republicans."

And when these gentlemen, like true warriors, make ready for battle, this spokesman for Presidents, this plagiarist of phrases, rises in his accustomed place and charges himself with not knowing what he was talking about; that he did not know that "pseudo" meant "counterfeit"; that he did not know that "pseudo" meant "false, fraudulent, spurious, lying, deceptive."

There never was a more deliberate charge brought against men in public life than that brought by the distinguished spokesman of the White House in that letter against the Senator from Idaho [Mr. BORAH] and the Senator from Iowa [Mr. BROOKHART] and the Senator from North Dakota [Mr. NYE] when he called them "pseudo-Republicans," taking issue with the Senator from Arkansas on this debenture plan, and defending the right of the House to reject it. But, Mr. President, I never dreamed that the Republican leadership would become so drunk with power as to employ technicalities in order to keep a measure designed to aid the great farming class from coming to a vote on its merits. It is the first time, so far as I know, that technicalities have been threatened to forestall legislation in behalf of anybody! But why in this instance, for the first time, should a doubtful proposition be raised and advanced and technicalities be employed to deny relief to the American farmer? Does he not need it now more than others? Was not this Congress called in extraordinary session for that purpose?

You may think that you can get away with it. You may pat yourselves upon the back and say that you have fooled the American farmer so often that you can do it again; but, sirs, never before have you resorted to such tactics. You have at least had the courage, when your names were called, to vote against a piece of legislation that you opposed. Never before, so far as I know, has the Republican Party conspired, from the highest up down to its emissaries in this body and in the other body, to employ technicalities to defeat an expressed pledge to any class of American citizens. Take your own course. You have the numbers, you have the power, but how are you going to defend it? When reckoning day comes, what are you going to say? I do not care if pressure is brought to bear upon the most illustrious of the illustrious of this body to cite cases and employ their influence to defend such action; you can not hoodwink, you will not in this instance deceive the American farmer.

Mr. President, here are some of the tactics that are being employed: I received these telegrams this morning from the little town in which I was raised in Mississippi. This is from an association of vegetable producers. They are well-meaning people. They are among the most patriotic of our citizenship. They say:

> Our information, mostly newspaper, is that fighting for debenture plan looks like hopeless case, and merely blocks relief bill, with all its other good provisions, so greatly needed by the growers; and we ask that you rush the farm relief bill without the debenture clause and let that matter be taken care of in the tariff fight.

Here is another telegram to the same effect. They are both signed by vegetable associations. Other Senators have received them to-day. I wired immediately to these friends to send me, collect, the source of the suggestion upon which they sent me that telegram. I know that it is propaganda. I know that the suggestion directly or indirectly went out of Washington, and I suspect that it is close to those who now direct the affairs of the Government.

We are now living in an era of propaganda, a finespun organization, knitted together with experienced hands, and extending in its ramifications in all directions and out into remote places throughout this country. This administration now boasts of three secretaries, where one was only required formerly, and one of them sits as a Member of the House of Representatives to give the views of the President to his colleagues and employ his influence there. "Hold up the legislation for a few days, and we will bring pressure to bear upon these Senators and upon Congressmen from their constituents to reflect and withdraw." Some people fall for it; but those of us who know the methods of the "new order" see quickly their tracks. These telegrams, innocently and in the best of faith sent me, are but a part of the general scheme. The American farmer must be upon guard. He can not afford to be caught in the web that this administration and all its busy spiders are weaving.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Louisiana [Mr. RANSDELL].

The amendment was agreed to.

The VICE PRESIDENT. The bill is still before the Senate as in Committee of the Whole and open to amendment.

Mr. COUZENS. Mr. President, I desire to call up the amendment that I brought up last night.

The VICE PRESIDENT. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 4, it is proposed to strike out all of lines 24 and 25, and on page 5, all of line 1, and line 2 down to and including the comma after the word "employees," and to substitute therefor the following:

> (e) May (1) appoint and fix the salary of a secretary and, in accordance with the classification act of 1923 and subject to the provisions of the civil service laws, appoint and fix the salaries of such experts and other officers and employees as are necessary to execute such functions.

Mr. COUZENS. Mr. President, I explained the amendment yesterday, and if there is no discussion I am ready for a vote.

Mr. McNARY. Mr. President, I stated yesterday that I would have no objection to this amendment. I conferred with the Department of Agriculture, and I found that the employees of that department carrying on expert work will be placed on a parity with those employed by the Federal farm board, the age limit of 55 years being the maximum limit, the salaries ranging from $2,000 to $6,400, and inasmuch as they will do work of the same character and type as that done by the department experts, I thought well to accept the amendment, so that those employed by the Federal farm board and those now being employed by the Department of Agriculture would be on a parity with respect to quality of service and character of service and salaries.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Michigan [Mr. COUZENS].

The amendment was agreed to.

Mr. BLAINE. Mr. President, I desire to offer an amendment, and I ask that it be reported.

The VICE PRESIDENT. The clerk will report the amendment.

The LEGISLATIVE CLERK. The Senator from Wisconsin proposes to amend by striking out, on page 16, in line 12, the words "of 4 per cent per annum" and inserting in lieu thereof the words:

A rate of interest per annum equal to the lowest rate of yield now (to the nearest one-eighth of 1 per cent) of any Government obligation bearing date of issue subsequent to April 6, 1917 (except postal-savings bonds), and outstanding at the time the loan is made by the board, as certified by the Secretary of the Treasury to the board upon its request: *Provided*, That in no case shall the rate exceed 4 per cent per annum.

Mr. BLAINE. Mr. President, I assume there is no objection to this amendment.

Mr. McNARY. I do not know under what authority the Senator has a right to make that assumption. I have not heard the amendment explained. I have read the amendment, and it is possible I do not understand it. I would like to have a short explanation before I state my opposition or express myself in favor of the amendment.

Mr. BLAINE. Mr. President, as my authority for asserting the assumption I desire to state that I think the chairman of the committee voted for the merchant marine bill, or ship subsidy, by which Congress established the policy and declared the policy with reference to interest charges in the language, and the exact language, I propose by this amendment.

Under the ship subsidy bill private parties endeavoring to develop the merchant marine are extended the benefits of the lowest rate of interest the Government is paying. I understand that the rate of interest under the ship subsidy bill within the terms of the act, which I have copied into the proposed amendment, is less than 3 per cent per annum.

The ship subsidy provided for loaning a quarter of a billion dollars to private parties to build ships. The farm bill provides for the loaning of half a billion dollars to the farmers of this country, through the organizations to be set up under the bill, at 4 per cent.

I think I have a right to assume that there ought not to be any opposition to a proposition giving to the farmers the same low rate of interest that Congress has given to private parties under the ship subsidy bill.

One of the difficulties in trade operations to-day, so far as cooperatives are concerned, and so far as farmers are concerned, is the excessive interest charged. So, Mr. President, all I attempt to do by this amendment is to grant to the farmers the same rate of interest Congress has granted to private shipbuilders under the ship subsidy bill, no more, no less, and in exactly the same, identical language.

I hope the amendment will prevail. I hope Congress may take the same attitude in loaning money to the farmers that Congress took in loaning money to private interests for the purpose of developing the merchant marine under the ship subsidy bill.

Mr. JOHNSON. Mr. President, may I ask a question of the Senator?

Mr. BLAINE. I yield.

Mr. JOHNSON. The amendment reads "a rate of interest per annum equal to the lowest rate of yield now (to the nearest one-eighth of 1 per cent)"—I presume that means an amount within one-eighth of 1 per cent of the lowest yield—"of any Government obligation bearing a date of issue subsequent to April 6, 1917." Can the Senator tell me what that means in per cent of interest?

Mr. BLAINE. I was present when the distinguished Senator from Washington discussed that same problem when the ship subsidy bill was under discussion.

Mr. JOHNSON. I am not unsympathetic with the amendment of the Senator. I want him to understand that.

Mr. BLAINE. I can give the Senator now no more information than was given at that time, and if I am not mistaken, the RECORD will indicate that the rate would be about 3 per cent.

Mr. HOWELL. Mr. President, will the Senator yield?

Mr. BLAINE. I yield.

Mr. HOWELL. I will say to the Senator from California that the lowest rate is now 3½ per cent.

Mr. JOHNSON. That is, the lowest rate on any Government obligation that has been issued since 1917?

Mr. HOWELL. It is the lowest rate on any bonds now outstanding.

Mr. JOHNSON. About 3½.

Mr. REED. Mr. President, there are two issues of Treasury bonds that bear 3⅜ per cent now.

Mr. JOHNSON. Mr. President, the statement has been made directly behind me that the lowest rate is 3½ per cent, and another Senator states that it is 3⅜. I was inquiring simply for information, and only for the purpose of ascertaining about what the rate would be under the amendment of the Senator from Wisconsin.

Mr. HOWELL. I was merely depending upon my memory. I happened to be looking over the bond rates the other day, and it was my memory that 3½ per cent was the lowest. I know this, that the average rate of per cent now being paid by the Government is about 3.96 per cent; that is, upon bonds issued since 1917.

Mr. BLAINE. Mr. President, I do not understand that the Secretary of the Treasury has certified to the Shipping Board what the rate of interest is. I inquired of the chairman of the Committee on Commerce with respect to that matter, and he said he was not informed. I understand, however, that the interest rate ranges around 3 per cent, under the provisions of the shipping act, and this proposed amendment is merely to apply the same rule in imposing interest rates upon the farmers.

Mr. McNARY. Mr. President, when the amendment was read by the clerk at the desk, I construed the language to imply that a greater rate than 4 per cent would be charged. The committee, in the consideration of the bill, deemed that 4 per cent was probably equitable under present circumstances. Of course, I would not want to see a higher rate. If Congress established a precedent in the case of the shipping bill by fixing a lower rate of interest than the one arbitrarily prescribed by the committee, 4 per cent per annum, I think the farm group would be entitled to the same consideration. I have not made up my mind as to just what the probable rate will be over a series of years. If it should eventually exceed 4 per cent, I would rather adhere to the view of the committee in accepting 4 per cent.

Is the Senator from Wisconsin able to discuss the proposition from that standpoint?

Mr. BLAINE. I did not understand the question the Senator from Oregon propounded.

Mr. McNARY. Mr. President, the committee, as I suggested, fixed a flat rate of 4 per cent per annum, believing that was an equitable charge against the farmer for the use of the money that would be loaned the stabilization corporations and cooperative associations. I am not assured at this time just what the present rate is. I understand the distinguished Senator from Pennsylvania to say that the lowest rate is about 3⅜ per cent.

Mr. REED. That is correct.

Mr. McNARY. It may be that in a short time money will become dearer and more valuable, and that the rate will far exceed 4 per cent.

Mr. McKELLAR. Mr. President——

The VICE PRESIDENT. Does the Senator from Oregon yield to the Senator from Tennessee?

Mr. McNARY. In just a moment.

Mr. BLAINE. I was going to suggest to the Senator to add the words "and that in no case shall it exceed 4 per cent per annum."

Mr. McKELLAR. Mr. President, will the Senator from Wisconsin yield?

Mr. BLAINE. I yield.

Mr. McKELLAR. The language of the Senator's amendment is taken, apparently, from the Shipping Board act, and I call the attention of Senators to the provision of that measure.

Mr. McNARY. That has been stated.

Mr. McKELLAR. It reads:

All such loans shall bear interest at rates as follows, payable not less frequently than annually: During any period in which the vessel is operated exclusively in coastwise trade, or is inactive, the rate of interest shall be as fixed by the board, but not less than 5¼ per cent per annum. During any period in which the vessel is operated in foreign trade the rate shall be the lowest rate of yield (to the nearest one-eighth of 1 per cent) of any Government obligation bearing a date of issue subsequent to April 6, 1917 (except postal savings bonds) and outstanding at the time the loan is made by the board, as certified by the Secretary of the Treasury to the board upon its request.

That is the provision in the act, which, according to the statement made by the Senator from Pennsylvania, would make the rate of interest about 3½ per cent, the loans to be made to active shipping interests engaged in the foreign trade, under this provision of the bill, at about 3½ per cent. I hope the Senator from Oregon will accept the amendment.

Mr. LA FOLLETTE. Has the amendment been modified as suggested?

Mr. BLAINE. I ask that it be modified.

The VICE PRESIDENT. The question is on agreeing to the amendment as modified.

The amendment as modified was agreed to.

Mr. SHORTRIDGE. I offer the following amendment.

The VICE PRESIDENT. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 24, line 12, to strike out down through page 26, line 4, and to insert in lieu thereof the following:

(d) As used in this act, the term "cooperative association" means an agricultural association substantially composed of and controlled by persons engaged in the production of agricultural products, which association is engaged in or controls the handling, processing, warehousing, and/or marketing of any agricultural product and/or the purchasing of supplies and equipment for its members, and/or any processing or marketing or purchasing agency formed by one or more of such associations provided all of the voting stock in such agency is held by a cooperative association and its members.

Mr. MCNARY. Mr. President, I rise simply to request the Senator from California to make plain to the Senate the reason for changing the language now embodied in the bill.

Mr. SHORTRIDGE. If Senators will turn to pages 24 and 25 of the bill, the last two pages, and fix their attention on subdivision (d), beginning at line 12, they will see what is to be stricken out. I propose to strike out subdivision (d) and insert the language which I have submitted. The reasons for this amendment, I think, will appeal to the Senate. Subdivision (d) as proposed contains the definition of "cooperative associations" as used in the act, in the first instance, to associations qualified under the Capper-Volstead Act. In other words, the cooperative association which may apply for the benefits designed to be afforded by the bill must be an association which falls within the definition of the associations mentioned in the Capper-Volstead Act. That act applies to cooperative associations engaged in interstate or foreign commerce.

Persons engaged in the production of agricultural products as farmers, planters, ranchmen, dairymen, nut or fruit growers may act together in associations, corporate or otherwise, with or without capital stock, in collectively processing, preparing for market, handling, and marketing in interstate and foreign commerce such products of persons so engaged. Such associations may have marketing agencies in common, and such associations and their members may make the necessary contracts and agreements to effect such purposes—

And so forth.

In other words; if subdivision (d), which I seek to have stricken out, remains as it appears, only those cooperative associations engaged in interstate or foreign commerce are brought within the terms of the bill. This limitation, I submit, is altogether too narrow, in that it would exclude many associations producer owned and producer controlled which are engaged in cooperative activities directly connected with the marketing of agricultural products.

Mr. BARKLEY. Mr. President——

The PRESIDENT pro tempore. Does the Senator from California yield to the Senator from Kentucky?

Mr. SHORTRIDGE. I yield.

Mr. BARKLEY. I notice in the language of the Senator's amendment it is stated that the words "cooperative association" mean "substantially composed of and controlled by persons," and so forth. What legal effect do the words "substantially composed" have as to the amount of stock owned by producers as compared by nonproducers?

Mr. SHORTRIDGE. I shall attempt to answer the Senator's question before I close—and I intend to be very brief.

I repeat, it is believed that many cooperative associations existing or to be formed will be denied any benefits under the pending bill if the definition of cooperative associations remains as proposed.

First, associations whose activities are confined within the limits of a single State; for an association to come within the provisions of the Capper-Volstead Act must engage in interstate or foreign commerce.

Again, associations of producers who employ an agency to do their marketing, the association maintaining control of the individual sales—and there is that type. Such an association, if not engaged in processing, preparing, or physically handling the goods, would be excluded from the Capper-Volstead definition whereas through its control of the marketing it acts in a cooperative capacity to obtain uniform distribution while employing the facilities of some outside agency. Such an agency might be a common agency used by a number of cooperative associations composed of producers.

Again, the definition of cooperative associations contained in the Capper-Volstead Act has not been construed or interpreted either by judicial decision or by administrative rulings. To limit the Federal farm board in the first instance—and I beg Senators to note this thought—to dealing with associations qualified under the Capper-Volstead Act would require the board to consider and rule upon the meaning and interpretation of the provisions of that act defining cooperative associations. This would invite endless controversy among competing associations dealing in the same commodity as to whether they were qualified under the Capper-Volstead Act definition.

I submit to the thoughtful Senate that a broad definition of cooperative associations is preferable to a narrower one. The board will have discretion to reject applications of associations which in its judgment are not entitled to support even though the association may be within the terms of that act or the pending measure; whereas if a particular association is not within the terms of the Capper-Volstead Act the board will be utterly powerless to extend any assistance to it, no matter how worthy or desirable support may appear to be.

Mr. KING. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from California yield to the Senator from Utah?

Mr. SHORTRIDGE. I yield.

Mr. KING. I ask the Senator for information, if the purpose of his amendment is not to permit the inclusion in cooperative associations of capitalists or pseudo-capitalists who seek to control by the use of their money the operations and activities of the cooperatives in which they do include themselves? I am familiar with a number of cases where capitalists have gotten control of cooperatives by the acquisition of a very small amount of stock or by their influence not necessary here to repeat. If the object of the Senator's amendment is to break down the cooperatives and to subject them to outside and extraneous capitalistic control, I think his amendment ought to be defeated.

Mr. SHORTRIDGE. If the Senator puts the question to me upon the assumption that I have any such purpose in view, I would be violating some of the rules, written and unwritten, of the Senate if I made proper reply; but I must assume that the Senator does not impute to me any such motives.

The PRESIDENT pro tempore. The Chair will enforce the rule.

Mr. SHORTRIDGE. I will endeavor to enforce it myself. I hasten to say I am sure the Senator did not impute to me any such purpose or motive.

The proposed amendment was prepared, I may say, by men who have devoted their lives to the subject matter and who are friends not only of the agricultural interests but of all the interests of our country.

The PRESIDENT pro tempore. The time of the Senator on the amendment has expired. He now has 10 minutes on the bill.

Mr. SHORTRIDGE. The amendment was carefully drafted. The reasons I have briefly assigned are expressed in precise and definite terms. Personally, I have no more interest in the matter than anyone who does me the honor now to listen, but I have been assured and convinced that if we limit the associations which may avail themselves of the benefits of the bill to those wholly engaged in interstate and foreign commerce, as so limited in the Capper-Volstead Act, then we will exclude from its benefits many worthy associations. That is the point involved.

Mr. WALSH of Montana. Mr. President——

The PRESIDENT pro tempore. Does the Senator from California yield to the Senator from Montana?

Mr. SHORTRIDGE. I yield.

Mr. WALSH of Montana. Will the Senator for greater elucidation call our attention to some cooperative association deserving in character that would not come in under the provisions of the bill as they now stand?

Mr. SHORTRIDGE. Yes. There is formed and is existing to-day under the laws of California an association engaged, or which will be engaged, in the marketing of the products of cooperative associations. It is stated by honorable men in full sympathy with the pending legislation that their activities are such or will be such in cooperation with the state-organized associations as will not bring them under the terms of subdivision (d).

Mr. WALSH of Montana. That is what I want to know—why not?

Mr. SHORTRIDGE. Because, reading carefully the language of the Capper-Volstead Act, it is claimed that their activities do not fall within its terms.

Mr. WALSH of Montana. In what respect do they not? What is the particular corporation that does not fall under the provisions of the Capper-Volstead Act and that ought to be included?

Mr. SHORTRIDGE. One that may be engaged in State operations and State sales not interstate in scope or character. That would be an all-sufficient answer, because only those associations engaged in interstate or foreign commerce are included under the terms of the Capper-Volstead Act.

Mr. WALSH of Montana. Quite so, but scarcely anyone has thought of providing these great Federal facilities for a corporation whose business was confined to the limits of one State.

Mr. SHORTRIDGE. I grant that. I have merely this further to add. I thought at the beginning, before my attention was called to the language of the Capper-Volstead Act, that the language of the bill was all comprehensive and all sufficient, but gentlemen who have made a close legal study of the matter submitted the amendment to me and in its support assigned reasons therefor, which I hold in my hand. I then turned to the Capper-Volstead law and I read its definition of cooperative associations, and I was left in the state of mind I have expressed, namely, that there are, and there may well be, corporations associated under the laws of the various States different in their character which may not avail themselves of the benefits of the pending measure if their character or scope of operation is limited as described in the Capper-Volstead Act.

In a matter of this character I turn to one who is a great authority and who closely and nicely gives thought to any proposition, namely, to the chairman of the committee. I do not know whether he has reached a conclusion in regard to whether the amendment should be adopted. It may be proper for me to add that when chatting with him briefly he expressed the thought that perhaps there were other amendments or other provisions in the bill which would be broad enough to cover the matter which I seek to put into the bill. I think, however, Mr. President, that if Senators will give their close attention to the matter they will come to see that such an amendment as I suggest, or perhaps in modified form, should be put into the bill. I submit the amendment to the Senate.

Mr. BARKLEY. Mr. President, during the course of the Senator's remarks I propounded to him an inquiry, which he undoubtedly unintentionally overlooked, and therefore failed to shed any light upon the subject. My understanding of the basis of the proposed legislation with respect to cooperative marketing associations and also stabilization corporations is that they are to be farmer owned and farmer controlled. The object of that provision, I presume, is to prevent any insidious effort on the part of outsiders to obtain control of the marketing organizations, either for the advancement of their own interests or to break down the cooperative movement. I assume that that is largely the reason why the language taken from the Capper-Volstead Act is incorporated in the definition and included in the pending bill with respect to cooperative marketing associations.

The Senator from California, whatever may have been his intention—and I impute no bad intention, of course, to the Senator; I do not know who drew the amendment which he has offered, and he has not enlightened the Senate on that subject—at any rate changes the definition so as to provide that an agricultural cooperative association shall mean "an agricultural association substantially composed of and controlled by persons engaged in the production of agricultural products."

I may be in error about my interpretation of the language, but I do not recall any legal definition of the word "substantially" as applied to legislation of this character. I do not understand that "substantially" means even a majority of those who are producers of any given product. If it does not mean that at least a majority of the owners of a cooperative association or a stabilization corporation shall be producers, then it would be entirely possible and easy for outside interests to obtain control of those organizations so as to come within the definition of the Senator's amendment.

I should certainly oppose the amendment if it should be left in that situation. I am not willing to vote for an amendment that will make it possible for outside interests that may be antagonistic to producers to obtain control of organizations for whose benefit the legislation is supposed to be intended.

Mr. SHORTRIDGE. I fully agree with the Senator.

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from California?

Mr. BARKLEY. I yield to the Senator.

Mr. SHORTRIDGE. I do not want all that formality. I merely said that I agreed with the Senator in that view.

Mr. BARKLEY. Mr. President, I appreciate the Senator's agreement; but does he propose to change his amendment accordingly? Is the Senator from California intending to modify his amendment so as to eliminate the language to which I refer?

Mr. SHORTRIDGE. Yes; if that be urged by the Senator from Kentucky.

Mr. McNARY. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Kentucky yield to the Senator from Oregon?

Mr. BARKLEY. I yield.

Mr. McNARY. I am not going to speak at length on the amendment; I may do so in a moment; but in order to understand more clearly the suggestion made by the able Senator from Kentucky [Mr. BARKLEY] wherein he criticized the language "substantially composed of," and so forth, I wish to ask, does the Senator desire the language to be used that is employed in the bill, namely, that the associations must be farmer owned and farm controlled?

Mr. BARKLEY. If it is necessary to include language of that sort, I would be in favor of it, but I am speaking now of the effect of the amendment offered by the Senator from California.

I do not know what the position of the Senator from Oregon is on the amendment offered as it now stands or as it might be changed, but if it is going to be adopted certainly I would object to the inclusion of language in the amendment which would make it possible for a minority of outside interests to obtain control of these agricultural associations so as to defeat the very purpose of this proposed legislation.

Mr. McKELLAR. Mr. President, will the Senator from Kentucky yield to me?

Mr. BARKLEY. I yield.

Mr. McKELLAR. I think we can easily clear this situation up by asking a question of the Senator from California [Mr. SHORTRIDGE], and I ask his attention for just a moment. The Senator from California stated a while ago that the amendment was prepared by men in whom he had great confidence. Are they producers or the representatives of producers, or are they the representatives of outsiders?

Mr. SHORTRIDGE. They are producers, and I assume also representatives of producers. Some of them, I know, are owners of farms.

Mr. McKELLAR. Does the Senator know whether they really represent the producers or do they represent outside commission men?

Mr. SHORTRIDGE. They represent, earnestly and in good faith, the producers of agricultural products in my State and, I assume, also in other States.

Mr. BARKLEY. Do they represent and speak for or claim to speak for producers of the basic products the depression in which has produced the agricultural situation with which we are undertaking to deal?

Mr. SHORTRIDGE. Yes, sir.

Mr. BARKLEY. What products do they represent?

Mr. SHORTRIDGE. In California, for example, it would include quite a number; it may be figs, it may be dates, it may be oranges, it may be grapes, it may be apricots, peaches, apples—the various products of our State.

Mr. BARKLEY. Of course, the Senator will realize that any general language used in this amendment or in the law as it shall be finally enacted will not only apply to dates, figs, olives, and fruits of that character, but will apply also to wheat, corn, tobacco, cotton, and any other agricultural product. So, whatever may be the local situation in California which might make it desirable for an outside interest to obtain control of these marketing organizations, certainly that situation would not be desirable in connection with the great basic crops of the United States the depression in which has produced the situation that has made farm legislation necessary and advisable.

Mr. SHORTRIDGE. Assuredly not, if outside interests are not in full harmony and sympathy with the producers of agricultural commodities of a given State.

Mr. BARKLEY. What is the legal definition of the expression "association substantially composed of producers"? What proportion of the organization does that include?

Mr. SHORTRIDGE. It is rather difficult to give a precise percentage definition of the word "substantially." I assume, and for the moment proceed, on the assumption that the board, with general jurisdiction over the whole subject matter, including the associations we have in mind, would exercise a wise judgment or discretion in defining that term.

Mr. BARKLEY. They might——

Mr. SHORTRIDGE. Will the Senator permit me further?

Mr. BARKLEY. Yes.

Mr. SHORTRIDGE. Unless this amendment is going to a vote this afternoon I shall be very glad to have it go over until to-morrow so that Senators may examine the language and we can confer and if necessary suggest amendments to my proposed amendment.

Mr. BARKLEY. Whether the vote shall be taken this afternoon or not, certainly the amendment ought not to be voted on when apparently reliable technical information on the subject does not exist. It might be possible for a court to hold that the ownership of 25 per cent would be a substantial ownership by producers and the other three-fourths might be controlled by outsiders. That would be a substantial interest. Certainly, I would not favor any amendment that would limit cooperative associations to such a definition as that.

Mr. KING. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Kentucky yield to the Senator from Utah?

Mr. BARKLEY. I yield the floor.

Mr. KING. Mr. President——

The PRESIDENT pro tempore. The Senator from Utah.

Mr. KING. Mr. President, I do not want my amiable friend from California for a moment to think, because I have too high regard for him, that my question imputed an improper motive in the amendment. As a matter of fact, I may say that I have received requests from a number of persons to offer a similar amendment, and many valid arguments may be suggested in its support. The point I had in mind, however, arose out of the fact that a number of complaints have been made to me by members of cooperatives that outsiders, to use the expression of my friend from Kentucky, had intruded themselves into the cooperatives and obtained a paramount authority, directed the activities largely, and unfortunately acquired too much of the profits.

I am in sympathy with the view that the cooperatives should be owned and operated by the farmers and that outsiders should not be permitted to come into the organizations, at any rate to acquire any substantial control over them, because there would be a tendency to pervert the cooperatives from the purposes for which they were instituted, and in time, I think, the tendency would be for the cooperatives to gravitate into the control or under the authority or direction of capitalistic enterprises or activities or individuals. I do not use the word "capitalistic" in any critical sense, but it does seem to me that if we undertake to permit nonfarmers, persons who are not engaged in agriculture, to come into the organizations little by little capitalistic influences will control the cooperatives and pervert them from the legitimate purposes for which they were instituted.

Mr. SCHALL. Mr. President, I desire to have read in my time a telegram from seven farm organizations in my State pertaining to the bill now before the Senate, together with my answer thereto.

There being no objection, the telegram was read and ordered to lie on the table, as follows:

ST. PAUL, MINN., *May 4, 1929.*

Hon. THOMAS D. SCHALL,
Washington, D. C.:

Republican platform pledge "A protective path is as vital to American agriculture as it is to American manufacturing. The Republican Party believes that the home market built up under the protective policy belongs to the American farmer and it pledges its support of legislation which will give this market to him to the full extent of his ability to supply it. We favor adequate tariff protection to such of our agricultural products as are affected by foreign competition. The Republican Party pledges itself to the development and enactment of measures which will place the agricultural interests of America on a basis of economic equality with other industries to insure its prosperity and success." These are the pledges on which farmers rely when voting and Republican Party succeeded. We now fear these promises are not to be kept. Farmers greatly disappointed with farm relief bill. The tariff schedules requested by farm organizations before Ways and Means Committee are lowest necessary to keep these pledges. Trades with Philippines, Canada, and other foreign governments were not included in party platform and our farmers deeply resent present indications that we are not to get full tariff protection. Disregard of these party platform pledges will be disastrous.

MINNESOTA FARM BUREAU.
CENTRAL COOPERATIVE ASSOCIATION.
LAND O'LAKES CREAMERIES (INC.).
FARM STOCK AND HOME.
MINNESOTA COOPERATIVE WOOL ASSOCIATION.
MINNESOTA LIVE STOCK BREEDERS ASSOCIATION.
TWIN CITY MILK PRODUCERS ASSOCIATION.

UNITED STATES SENATE,
COMMITTEE ON POST OFFICES AND POST ROADS,
May 13, 1929.

MINNESOTA FARM BUREAU,
CENTRAL COOPERATIVE ASSOCIATION,
LAND O'LAKES CREAMERIES (INC.),
FARM STOCK AND HOME,
MINNESOTA COOPERATIVE WOOL ASSOCIATION,
MINNESOTA LIVE STOCK BREEDERS ASSOCIATION,
TWIN CITY MILK PRODUCERS ASSOCIATION,
St. Paul, Minn.

GENTLEMEN: It is true as you outline in your joint wire to me of May 4, 1929, that in the last election the platform of the Republican Party as well as the Democratic Party promised to put agriculture on an economic parity with other industries and as a consequence the question of farm relief was not a primary issue in the campaign. In my State a majority of the farmers voted for President Hoover, and I know they did so in the belief that the administration would promptly carry out its pledges to enact legislation that would substantially benefit the present depressed conditions among the farmers.

No one now questions the need of restoring agriculture to its former plane of prosperity; but no one who does not come from an agricultural State can realize the full extent of the deflation of agriculture or to what an extent hard times among the farmers is being reflected in other branches of business.

Since 1920 the value of farm property has decreased $21,000,000,000 and the total of farm mortgages have increased $9,000,000,000. In other words, the agricultural industry has lost $30,000,000,000 in the last eight years and this loss is continuing at the rate of about $6,000,000,000 annually. The total price of farm products sent to market each year in the United States is about $12,000,000,000 and it has been estimated by competent economists that figuring in such overhead charges as depreciation of the land, taxes, interest on the investment, and fair wages for the farmer and the other members of his family who labor, the fair production cost of farm commodities is approximately $17,000,000,000 annually.

Taxes have tripled in amount since the war, railroad rates have been substantially increased, the price of machinery has more than doubled, food and clothing have gone up, and virtually everything else the farmer buys has greatly increased in price, while the commodities he produces are actually selling at less in many instances than they did eight years ago.

These unfair conditions must be remedied if agriculture is to survive, and it is unthinkable that agriculture should not survive. Thirty millions of our people live on farms, and without their efforts in raising foodstuffs and other raw materials the manufacturing industries of this Nation could not run for a single day and our great cities would speedily be deserted. These same 30,000,000 farm dwellers offer the largest single opportunity to develop our domestic market. It is as true to-day as it ever was that agriculture is the basic industry and that in the long run other businesses can not prosper unless the farmers prosper.

This being so, it would seem to me the part of sound statesmanship to restore prosperous conditions to agriculture by placing it on a parity with other industries. I would think that manufacturers and business men generally should be the first to insist that this be done. Increasing farm prosperity can only result in increasing the Nation's purchasing power, thus benefiting business and eliminating unemployment. Enlightened self-interest on the part of business and labor would seem to be bound up with the prosperity of the farmer.

Our industries in America have been stimulated by a protective tariff, and the Republican Party has long been committed to this theory. It is only justice that the farmers also be given the benefit of this protection, and I believe that the debenture export plan offers the speediest and surest method of making the tariff effective on farm products and thus carrying out the Republican Party's campaign pledge to restore agriculture to an economic parity with other industries.

The average level of tariff schedules on manufactured products coming into the United States is about 46 per cent and the average value of the duty on farm products is only about 22 per cent. This fact alone shows that the farmers have not been fairly treated in the past in the making of tariff schedules, and the disparity between the protection afforded agriculture and industry is even greater when it is considered that wheat and cotton, our two principal farm staples, have such an enormous exportable surplus that the tariff affords them no protection whatever.

For these reasons I believe it only fair that the Republican theory of a protective tariff be extended to agriculture through the provisions of the export debenture plan as contained in the bill now before the Senate. As a matter of fact, the farmer is only asking that half of his tariff be made effective; and the tariff on farm products already is less than half as great as the average protection given to American industries.

I have listened to the arguments made against the debenture plan on the floor of the Senate, and listened with an open mind and a willingness to be convinced, but candor compels me to declare that I do not believe a single argument has been advanced against the export debenture

that could not with equal weight be urged against the protection we have placed around other industries.

Do not misunderstand me. I believe in protection and always have voted for schedules that would foster American industries by giving a tariff that would reflect the difference between the cost of production at home and abroad; and now I am in favor of extending the beneficent effects of protection to the American farmer and maintaining his higher standards of living by export duties which will aid him in raising wheat and cotton and meat and other essential commodities in competition with peasant labor on cheap lands in Russia, South America, the Orient, and other parts of the world.

In supporting the export debenture plan I am far more consistent than the opponents of this measure who are committed to high protection for industry but want to force the farmer to sell his in free-trade competition with the rest of the world.

Without the debenture plan the bill before the Senate offers very few, if any, positive features which are not already incorporated in existing laws. We have acts on the statute books which permit the Department of Agriculture to encourage cooperatives; clearing houses and stabilizing corporations among cooperatives can be organized under existing laws; the Federal land banks and the War Finance Board are empowered to loan money to aid in marketing; the warehouse act assists in the orderly marketing of crops by authorizing the issuance of warehouse certificates; and the small army of scientists in the Department of Agriculture are supposed to collect and give out information on crop and market conditions. If the numerous laws already on the statute books are not administered so as to benefit the farmers, what reason have we for believing that we are going to improve matters by duplicating these same powers under control of a new Federal farm board?

Members of cooperative producers' associations from my own State already have informed me that they would hesitate before forming clearing houses and stabilizing corporations under a Federal farm board armed with such autocratic powers as it is proposed to give under the bill now before us; and I think it rather inconsistent to oppose the theory of putting the Government into business while at the same time advocating the placing of more than 10,000 cooperative societies doing an annual business of $2,000,000,000 under a great Federal bureaucracy such as is set up by this bill.

Frankly, without the export-debenture feature, I see nothing new in the so-called farm aid bill except the creation of a $500,000,000 revolving fund for the purpose of making loans to farmers.

In my opinion the farmers do not want more loans. They already are so deeply in debt that many of them will never get out unless there is a speedy improvement in conditions. What the farmers want is a price for their crops that will enable them to meet the cost of production plus a reasonable profit such as is allowed every other industry.

Give the farmers fair prices and they will pay their debts without any additional Government aid. I believe the export-debenture plan will increase the price of farm products and put agriculture on a parity with other industries.

The Republican Party pledged such action before and during the last campaign. I believe in keeping my promises and therefore I voted to retain the export-debenture feature of the Senate bill.

Alexander Hamilton advocated the debenture plan for agriculture when advocating the protective tariff. He stated then that it was the only fair and sound means of securing the benefit of the tariff to surplus production of agriculture. The debenture plan is nothing more nor less than giving to the farmer the benefit of the tariff. Manufacturers can easily get together and set a price for the domestic consumption which is impossible for the 7,000,000 farmers to do. It is argued by those opposing debenture that it will increase production, but it was also argued by the same men who are now against the debenture plan that the equalization fee would do that. To my mind the equalization fee carries within itself a penalty for overproduction and to me seems, after five years of study, the very best plan that could possibly be conceived for equalization of the farmer to that of other industries. But next to that certainly the debenture plan must be brought into existence if the farmer is to receive cost of production plus a reasonable profit.

Germany has had the debenture plan for over 30 years. It has kept her agriculture on an equality with other industries of the country. The debenture plan has been used many times by different countries, and it has been found thoroughly sound and just. Why should there be any objection to giving the board in this bill the privilege of using the debenture plan if they so desire? It is not imperative, and if prices can be raised for farm production without it, well and good, but if they find it can not be so arranged then they have the debenture plan to fall back upon which will, without question, raise the price to the extent of half the tariff. Were justice done completely the debenture plan should extend to the full amount of the tariff. There is 42 cents on a bushel of wheat. That is the amount that President Coolidge set after thorough investigation as the difference between the cost of raising a bushel of wheat in Canada and in the United States.

Why should not the wheat farmer have this 42 cents above the world price? If the tariff was effective he would have it. The manufacturing industries have it and their average is 46 per cent. The average of the farmer's protection to-day is 22 per cent. Therefore if this debenture were even put into effect all the average farmer would receive would be 11 per cent raise in the price of his production. Certainly that is small enough, and no one who can claim to have any interest in the farmer would dare stand out in the open where the question is understood against such a proposition. The debenture plan as contemplated in this bill would give the farmer 21 cents on a bushel of wheat, 7½ cents on a bushel of corn, etc. This raise would be definite and exact, and if agriculture is not to be wiped out, some means must be arrived at soon that will give the farmer the benefit of protection. Everything he buys is under that protection. Why should not everything he sells have that same protection? If equality is the aim, then the debenture plan, providing the equalization plan is permanently discarded, is the only plan left that will do the thing that is necessary to be done.

Best wishes, cordially yours,

THOS. D. SCHALL.

Mr. NORBECK. Mr. President, I ask unanimous consent that an article written by an able and distinguished citizen of my State may be printed in the RECORD. It is entitled "The Farmer's Dollar and the Wall Street Banks' Flurry of April, 1920."

The PRESIDENT pro tempore. Without objection, it is so ordered.

The matter referred to is as follows:

THE FARMER'S DOLLAR AND THE WALL STREET BANKS' FLURRY OF APRIL, 1920—THE FARMER'S DOLLAR WAS TAKEN FROM THE WEST TO BRACE UP WEAK BANKS IN THE EAST—A FEATURE IN THE PROBLEM OF FARM RELIEF—READ THE RECORD

(A pamphlet by C. B. Billinghurst, former president of State Publishing Co. and editor of Pierre Daily Dakotan, Pierre, S. Dak.)

WESTERN FARMING CONDITIONS IN 1929

The dollar of the West is properly the farmer's dollar, for farming is the foundation of all values in the West. Accomplishing farm relief is the way to stabilize the dollar for banks and business people as well as for farmers, for all are supported by what comes out of the land. The farmer's dollar was put out of commission in 1920 by the notorious deflation act of May in that year, and still awaits being restored to usefulness, for farmers are yet in the depths of the slump with unprofitable prices for their products, against unfair competition from foreign farmers, and against no market for surplus lands that were forced upon them by operations of the Federal Government in the war preparations. Notwithstanding propaganda from the East claiming that agriculture has revived, the common people of the West, both farmers and others, are hard up and have been so throughout the eight years since the deflation stroke of 1920, which started land foreclosures and stripped farmers of livestock. Many farmers are, in this spring of 1929, still without breeding stock, cows, sows, and ewes, and are destitute of seed grains. Many thousands of farms that had been built up and made productive by toil of the pioneers are lost to their rightful owners by unjustifiable foreclosures resulting from land inflation caused by the Government itself, foreclosures that could have been avoided had the Government met its moral obligation to farmers whom it pressed into surplus food production in the war time. The slight improvement here and there in agriculture hardly counts in 1929.

THE FEDERAL RESERVE SYSTEM

The farm relief problem being vital in the West, the purpose of this pamphlet is to show the relation of the Federal reserve system to the problem in order that abuses of the system may be corrected and equitable service established. The assembling and transferring of funds and finance resources from one part of the country to another in the activities of business are correct functions of the Federal reserve system when wisely done. I deplore the abuses. The many-sided subject of farm relief can not be brought to a successful conclusion without considering the course of the United States Government in banking operations in the war period and its damaging effect on the West. The errors are clearly shown by reference to the events as they occurred. The Federal Reserve Board, having supervision over the banks of the country, is a branch of the Federal Government in the Treasury Department at Washington, D. C. There are seven Federal board members, two of whom are the Secretary of the Treasury and the Comptroller of the Currency, and five others are appointees of the President of the United States. The Reserve Board is a Government subsidiary; hence the Government is responsible for the acts, good or otherwise, of the board. The board has power to issue funds and credits to industries in one part of the country and to deprive industries in another part of funds and credits. It was such shifting of funds and credits from the West to the East in the crisis of 1920 that ruined farmers and broke banks throughout the West. It is necessary for farmers and business people in the West to become active in obtaining revision of Reserve Board methods by which unfair shifting will be prevented in the future if stability is to be assured. This is an important part of the problem of farm relief.

CIRCUMSTANCES LEADING UP TO THE FLURRY OF WALL STREET BANKS

During and after the war there was an era of speculating, principally in industrial stocks in the East, but in a small degree, comparatively, in western lands. The aggregate of farmers were not voluntarily engaged

in speculation. Eastern claims of inflated land prices in the West were exaggerated beyond all reason. Land inflation was only in spots. There were great districts in which there was no inflation above prices of normal times. The speculative boom in the East reached its height in the spring of 1920, when it collapsed. This brought on a bad flurry in banking circles, which put Federal reserve officials and bank heads under great exertion, as shown later by authentic press reports. Banks of the East, loaded with loans secured by inflated stocks, were found in a weakened condition and presidents of several big banks "lost their heads." The Government at Washington, through the Federal reserve system, came to the rescue by "shifting" credits from other parts of the country by which the weak banks were kept open for business and the actual conditions were for a time kept secret from the public. In the Review of Reviews, New York, issue of May, 1926, Frank J. Williams, writing on the eastern banks flurry of 1920, said:

"Frank Vanderlip had predicted the collapse of Europe and many of our largest corporations were tottering. During the war American banks and American corporations had enjoyed unparalleled prosperity with little thought and effort on the part of executives. Men at the head of big corporations, trained in the soft days of the war, were not fit to cope with the stern conditions after the war. Several Wall Street bank presidents lost their heads and were sent back into obscurity. It was a time to try men's souls and only the fearless dared to move one step forward."

SENATOR SMOOT DESCRIBES "SHIFTING" OF RESOURCES TO NEEDY BANKS CALLED "WEAK SPOTS"

I quote from an article on operations of the Federal Reserve Board in the crisis of 1920 by United States Senator REED SMOOT, of Utah, in the Saturday Evening Post of January 5, 1929. The Senator said:

"Some of the wiser merchants had an intuitive feeling that the boom would not endure, and as early as February, 1920, began cutting down orders. But it was not until April that the first decisive blow to the artificially inflated situation fell. John Wanamaker announced without warning that everything in his stores was offered at a discount of 20 per cent. This precipitated the collapse of the boom, or rather definitely signaled the advent of that collapse. * * * Officers of the Federal board and the banks sat long hours at telephones and before reserve charts shifting resources about the country to meet weak spots."

SENATOR BROOKHART CITES DEFLATION BY FEDERAL RESERVE BOARD

Quotation from speech by United States Senator SMITH W. BROOKHART, of Iowa, at Crown Point, Ind., August 26, 1928:

"In May, 1920, the Food Administration was finally discontinued and the farmers of the United States were turned over to the tender mercies of the Federal Reserve Board for their deflation and their destruction * * * and on May 18 they held the deflation meeting * * *. Part of the proceedings of this meeting were held in secret, and they were all put into effect about October, 1920. * * * The disaster to agriculture that followed was the greatest in all its history."

THE RECORD

The reader will observe in the above-quoted statements that inflated prices were discovered collapsing and eastern corporations tottering between February and April, 1920; that on May 18 the Federal Reserve Board at Washington held a meeting, decided on its deflation policy, and directed a "shifting" of resources around the country to aid "weak spots." The significant thing about the occurrences at these dates is that the board did not resort to farm deflation until after it discovered corporations and weak banks of the East in danger and in distress for funds because of inflated and collapsing industrial stocks, following which western banks and farmers got notice from Washington, which was understood by them to be a rallying of funds from their bank loans and the result of which was the hurried marketing by farmers of immature livestock and other properties on which their loans were secured at sacrifice prices, causing ruin to all agriculture and dragging western banks to failure. Land inflation in the West was a slight affair and not menacing as compared to the danger in the enormously greater volume of high-priced commodities and watered stocks in the East. Nobody in the East indicated any concern about so-called land inflation in the West until Wall Street banks were found involved in inflated stocks securities, then funds being wanted to help along the rescue the deflation message—squeeze for funds—was put on the farmers. Thus the farmer's dollar was taken from the West and put into circulation in the East, where it still remains.

THE UNITED STATES GOVERNMENT INFLATED LAND—KEEP THE RECORD STRAIGHT

On its entrance into the war in 1917 the Federal Government urged all farmers to increase their acreages, raise more crops and handle more livestock for the patriotic purpose of feeding the munitions workers in this country and the boys in France. Throughout the years 1917 and 1918 up to the moment of the armistice in November, 1918, in the lobbies of banks and all public buildings were flaming posters, issued under auspices of the Government, urging increased output by farmers and assuring high prices for all they could produce. The Government used the Federal reserve system to encourage western banks to finance farmers for increased production. Land inflation in the West did not begin until after the Government urged farmers to increase their holdings and their output of crops and livestock. Then land agents, taking their cue from the Government, began to urge farmers to buy more land for the purpose of increasing their products as demanded by the Government. Farmers were drawn by the Government into land inflation that the Government itself had created. The Government, part Democratic and part Republican, was the cause of the farmers' plight from beginning to end.

THE GOVERNMENT GUARANTEED PROFIT CONTRACTS TO INDUSTRY BUT NOT TO AGRICULTURE

The Government guaranteed munitions manufacturers and transportation companies cost plus profits on contracts. Farmers were under equal risk in the expanded production forced upon them by the Government but were left without guaranty. The Government urged farmers of the West into expansion of their operations on the expectancy that the war was likely to continue for several years from the entrance of the United States into it. Farmers were pressed into capitalizing increase of production that would require not less than five years of continuous good crops at high prices to reimburse them and give them any profit. But the war came to an end in the fall of 1918, only 18 months after the United States had entered it, which blocked markets that had been stimulated by the war. Munitions manufacturers and transportation companies made millions on their guaranteed contracts while the farmers, having no guaranty, were ruined. The farmers' prices and markets had been protected in a way by the Federal Food Commission, which continued in operation until 1920, when it was discontinued. Then the reserve board took hold and trouble for agriculture began. The reserve board, in its deflation policy, had two motives in view: First, in the emergency of 1920 it wanted funds for use in the East; second, it wanted continuous low food prices for the East.

In the crisis of 1920 the Government was under moral obligation to arrange for extension of time on loans which had been pressed onto farmers in the war preparations and to protect the farmers' markets from price slumps until they could recover their investments, but the Washington standard of economics required that the East be protected and the West sacrified, which was done. The Government made a sorry record against millions of its loyal supporters and heavy taxpayers.

REVIEW OF REVIEWS STATES PLIGHT OF FARMERS

The editor of Review of Reviews, in the issue of July, 1926, commenting on conditions in the war period, said:

"The scheme of western agriculture was wholly disrupted by the frantic demand from Washington that wheat, pork, and beef must be produced in stupendous excess quantities for the peoples of western Europe. In view of the temporary nature of the enlarged foreign demands, the war prices fixed by the Government for wheat and some other things did not prove to be large enough to justify the outlay that western farmers had made for immense quantities of new machinery, for necessary new buildings, and for all that pertained to an increased production under the handicap of a decreased supply of workers. The altered conditions * * * began to bear with crushing effect upon farmers who were not actually earning any profits."

THE CASE OF FARMERS AND PACKING HOUSES

The situation of farmers on food orders repudiated by the Government was similar to that of western packing houses, as both were left without guaranty on orders given. Finally the Government rejected all such orders. Some of the packing houses sued the Government and collected damages. Farmers had the same justification as packing houses for damages, and if they had been organized as the packers were they undoubtedly could have recovered damages. Quotation from press report of March 24, 1926:

"Swift & Co. have been granted judgment against the Government for $1,289,000 because of lost profits in not getting sales for meat after the war was over, although they stood ready to furnish the pork."

THE EAST WANTS CONTINUED LAND DEPRESSION AND LOW FOOD PRICES

The undertow in the industrial East always is for low-priced foods, and the viewpoint is that depression of western food-producing lands is what brings low prices. That was the undertow in the East throughout the war period and after, and with that motive the East used the banking machinery of the country to depress farm lands and the products thereof. Let farm lands come again to active sales on the market at normal prices of $150 to $200 an acre, with profitable prices for farm products. The East would be jealous of it and would attempt to interfere again, as it did with its so-called deflation stroke of 1920, if not forestalled.

STATEMENT BY SENATOR ALLEN

An Iowa press report states that Joseph H. Allen, at one time a well-known member of the Iowa Senate, was chairman of the legislative council of the American Association of Joint Stock Land Banks. Mr. Allen had interviews with officials of the Federal reserve system and argued against deliberate policies of deflation in behalf of the agricultural States, but encountered little sympathy. Mr. Allen, referring to conditions at Washington, said:

"For the first time in my life I got the uncompromising eastern viewpoint—cheap land, cheap food. When Mr. Allen told Federal reserve officials that their deflation policy would destroy agriculture, would drive people from the lands, he was met with the smug assurance, 'Well, some one will farm the land.'"

CONTROL OF BANKING RESOURCES

The plans for accomplishing farm relief include the establishing of an immense fund, farmer controlled, to facilitate marketing and take care of crop surpluses. Such a fund could be operated only through the banks of the country which are dominated by the Federal reserve system, which heretofore has been submissive to the viewpoint of the East and hostile to the West. Deposits in banks are public funds, not bankers' funds, and are for use in the service of the public in commercial transactions throughout the country. The bunching of bank funds and credits into speculative ventures in the East was one of the things that damaged agriculture in 1920. The flow of banking funds still is to the East, which, if it continues, will sooner or later again bring trouble to the West. Money under Federal reserve régime has not circulated sufficiently in the channels of legitimate business. There are serious questions in the relation of the circulating of bank deposit funds to the process of transferring farm products into money returns for farmers. Any farm relief measures that may be enacted by Congress are likely to fall short of functioning fully for farmers unless such measures include authority over banking operations, in so far as financing of farmers by marketing funds and individual loans is concerned, sufficiently to control all such funds for use in their designated purposes and prevent diverting of funds or resources into other channels against the interests of farmers.

THE FARMER ARRIVES

Farmers are to be congratulated on their collective ability to publicly give voice to their needs to the result that Congress assembles especially in their interest. Now that the righting process has started it is timely to take account of the events that make up the reason for farm-relief legislation, as I have stated in this pamphlet. The citations of past events and the comment on them possibly may not be appreciated by some of the contingent devoted to eastern standpatism. However, Senator SMOOT and many others of the old school in affairs have openly stated that in the East prices of commodities and stocks under the unrestrained policy of industrial leaders were artificially inflated until they collapsed. So the false economic structure of the leaders broke down and made havoc for East and West. The sum of it is that the West holds the ability to solve its own problems. It would be well for western people to impress on Congress the need of protecting western farmers' finances for use in the West.

NOTE

This is written for the information of western people in my range of acquaintances. I believe this is the first publishing in connected form of the events cited, all of which have direct bearing to-day for intelligent checking of industrial promoters who would absorb funds needed in the operations of agriculture. The events cited bring out the dangerous liability in leaving banking resources at the disposal of an industrial faction. The recently changed course of the Federal Reserve Board is an improvement on its previous work. The Reserve Board appears now to be more broadly serving the public instead of being swayed by factional interests. Congress is the power over the Reserve Board and can improve and strengthen its functioning. If Congress relaxes its control industrial high flyers will take it over.

C. B. BILLINGHURST.

PIERRE, S. DAK., *April 17, 1929.*

Mr. CARAWAY. Mr. President, I send to the desk an amendment. There are three printed together. I wish to offer the last one.

The PRESIDENT pro tempore. Let the Chair state to the Senator from Arkansas that there is pending the amendment offered by the Senator from California [Mr. SHORTRIDGE].

Mr. CARAWAY. I thought the Senator had withdrawn his amendment.

Mr. SHORTRIDGE. No.

The PRESIDENT pro tempore. The Senator undertook some negotiations with the Senator from Kentucky [Mr. BARKLEY], as the Chair understood; but he understood that those negotiations were not consummated.

Mr. SHORTRIDGE. I have not had the honor yet of seeing the Senator in question.

Mr. CARAWAY. Will the Senator withdraw his amendment temporarily?

Mr. SHORTRIDGE. I will do so.

The PRESIDENT pro tempore. For the time being, the Senator from California withdraws his amendment. The amendment proposed by the Senator from Arkansas will be stated.

The LEGISLATIVE CLERK. On page 17, line 5, strike out the words "and such exchange"; and on line 6, strike out to and including the word "records" and insert "and such market information is such as to afford an accurate record of prevailing prices."

Also, in line 6 on said page, strike out the words "has accurate price."

Mr. CARAWAY. Mr. President, doubtless because of the unfortunate way in which the amendment is printed, the clerk did not read the amendment in its entirety. I should like to call the attention of the chairman of the committee to the amendment that I seek to incorporate in the bill:

On page 17, line 3, after the word "regularly," strike out the remainder of line 3 and insert "bought and sold in the markets"; on the same page, line 5, strike out "and such exchange"; and on line 6, strike out to and including the word "records" and insert "and such market information is such as to afford an accurate record of prevailing prices."

I also wish to modify the amendment by striking out on line 6, on page 17, the words "has accurate price," so as to perfect the English of the amendment.

It is the purpose of the amendment, Mr. President—which has been collaborated on by the Senator from Louisiana [Mr. RANSDELL] and myself—to bring within the provision of the bill with regard to receiving an insurance on crop price those agricultural products that are not traded in on the exchange. As the bill stands, no agricultural products could take advantage of this provision unless they were traded in on the exchange. We wish to strike that out and permit the board to use whatever instrumentalities it may have to ascertain whether the product has a stable market value, and therefore is susceptible of taking advantage of this provision of the bill.

Mr. RANSDELL. Mr. President, I should like to state that the amendment offered by the Senator from Arkansas is entirely satisfactory to me in the form in which it is now presented, and I believe it does substantial justice to all concerned.

Mr. McNARY. Mr. President, I rise merely to say that I have no objection to the amendment as agreed upon by the Senators from Louisiana and Arkansas.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Arkansas [Mr. CARAWAY]. Without objection, the amendment is agreed to.

Mr. McKELLAR. Mr. President, I desire to call the attention of the Senate to an article in the New York Packer of date May 11, under the headline:

California interests planning huge fruit merger. Company to be known as Federal Fruit Stabilization Corporation. Intention is to engage in deciduous-fruit distribution as well as the raisin business. Corporation to work with funds to be made available under proposed farm relief bill.

I am going to ask unanimous consent to print the whole article in connection with my remarks, but there are certain features of it that I desire to read; and I think when the Members of the Senate see who are to be members of this corporation they probably will not agree to the amendment offered by the junior Senator from California.

I read an excerpt from the article:

Asserting the organization now proposed has been inspired by the farm relief proposals under consideration in Congress and represents the "most colossal undertaking ever developed for the farmers of any State," he [Mr. Conn] said that articles of incorporation listing prominent growers, bankers, and business men on its board of directors had just been filed with the State corporation commission.

Sufficient funds to provide for the operation of the organization before money is available under the farm relief plan have been pledged "by the most reliable agencies in this country," he said. It is understood that millions of dollars will be made available this year by California.

Among those named by Mr. Conn as having been tentatively selected as directors of the stabilization corporation are included Harry M. Creech, president and general manager of the Sunmaid Raisin Growers' Association and Sunland Sales; J. M. Leslie, president of the Sunmaid Raisin Growers of California; J. L. Nagle, general manager of the California Fruit Exchange; Lucius Powers, head of the L. Powers Fruit Co. of Fresno; A. Emory Wishon, general manager of the Great Western Power Co.—

The Great Western Power Co. He is one of the "substantial additions" that will be made to the producers under the Senator's amendment. I continue—

Paul Shoup, president of the Southern Pacific—

Is he a producer?

Mr. SHORTRIDGE. A very large producer and a very honorable man.

Mr. McKELLAR. I have no doubt of it, but we are legislating for farmers, not railroads. We have already passed legislation providing for adequate returns to people engaged in the

railroad business. We have already looked after that. In this measure we are looking after the farmer—

Walton N. Moore, vice chairman Federal reserve bank—

Are we going to mix up Government officials under the word "substantially" suggested in the Senator's amendment?—

H. R. Freeland, grape grower of Fresno; R. J. Senior, of Sanger; R. E. Hyde, of Visalia; Donald D. Conn—

It does not state what he does; he is a promoter, I judge, from the article—

Scott F. Ennis, president of the Pacific Fruit Exchange; T. T. C. Gregory, San Francisco attorney; R. D. Fontana, president of the Earl Fruit Co. of San Francisco.

The Fruit Products Corporation is formed by the merger of the Italian Vineyard Co., with plants in New York, New Orleans, Los Angeles, and Guasti, Calif.; California Grape Products Co., with plants in New York, Ukiah, and Delano; California Wine Association, with plants at San Francisco and New York; Community Grape Corporation, Lodi; Garrett & Co., plants in southern California, New York State, and Missouri; Colonial Grape Products Co., with plants at St. Helena, Elkgrove, Napa, and San Francisco; National Fruit Products Co., with plants in Chicago and Lodi; and B. Cella, with plants at New York and Lodi.

Announcement of the merger followed months of negotiations. The eight companies will combine their facilities and share proportionately in the capital stock of the concern, amounting to $15,000,000. Gregory, the attorney, and Lloyd S. Tenny, vice president of the Fruit Industries Corporation and formerly Chief of the Bureau of Agricultural Economics, United States Department of Agriculture, did much in directing the merger.

Should the farm relief bill become a law, Mr. Conn said, the new corporation, besides handling dried fruit, will purchase and ship all classes of fresh fruit on its own account in order to regulate and stabilize the market. In this way, he stated, the grower is insuring the trend of his own price level during the season.

Approval of the formation of the Federal Fruit Stabilization Corporation was voted Tuesday by the board of directors of the California Vineyardists' Association at its meeting in the Hotel Fresno after Mr. Conn had explained the program.

Mr. President, I ask that the entire article be inserted in the RECORD at this point.

The PRESIDING OFFICER (Mr. FESS in the chair). Is there objection?

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Packer, May 11, 1929]

CALIFORNIA INTERESTS PLANNING HUGE FRUIT MERGER—COMPANY TO BE KNOWN AS FEDERAL FRUIT STABILIZATION CORPORATION—INTENTION IS TO ENGAGE IN DECIDUOUS FRUIT DISTRIBUTION AS WELL AS THE RAISIN BUSINESS—CORPORATION TO WORK WITH FUNDS TO BE MADE AVAILABLE UNDER PROPOSED FARM RELIEF BILL—EIGHT FIRMS INTERESTED IN GRAPE PRODUCTS IN MERGER—MANY WELL-KNOWN MEN ON BOARD OF DIRECTORS

FRESNO, CALIF., May 10.—Creation of the Federal Fruit Stabilization Corporation, a gigantic company that has for its purpose the outright purchase of deciduous fruits and raisins with funds to be made available under terms of the farm relief bill now before Congress and the merger of eight of the State's largest fruit-products manufacturers into a $15,000,000 organization was announced Tuesday night by Donald D. Conn, managing director of the Associated California Fruit Industries (Inc.). Mr. Conn spoke at a mass meeting in the civic auditorium to about 2,000 persons.

Declaring that these two new corporations have been set up as the foundation for a "new era in California agriculture which assures producers a fair cash return for their products," he outlined the program as meaning:

That 20,000 growers can sell their crops for cash at stabilization prices.

That raisin producers will receive from 3½ to 4½ cents a pound during a 3-year contract period.

That fruit products manufacturers with interests pooled for the reduction of operating costs will work on the development of new products and the expansion of markets.

That stabilization of the fresh-fruit industries will be effected through regulation of dried fruit operations.

Mr. Conn told his auditors that in the raisin industry the plan is to stabilize prices of the sweat-box products at levels which will result in moving prospective crops during the next 3-year cycle. The proposed prices, he said, approximate the average paid for the 1925 crop. These prices, guaranteed to the grower under a purchase contract covering a period of three years, he said, are:

Nineteen twenty-nine crop, 3½ cents for Thompsons and Sultanas; 4 cents for Muscats.

Nineteen thirty crop, 3¾ cents for Thompsons and Sultanas; 4¼ cents for Muscats.

Nineteen thirty-one crop, 4 cents for Thompsons and Sultanas; 4½ cents for Muscats.

Asserting the organization now proposed has been inspired by the farm relief proposals under consideration in Congress and represents the "most colossal undertaking ever developed for the farmers of any State," he said that articles of incorporation listing prominent growers, bankers, and business men on its board of directors had just been filed with the State corporation commission.

Sufficient funds to provide for the operation of the organization before money is available under the farm relief plan have been pledged "by the most reliable agencies in this country," he said. It is understood that millions of dollars will be made available this year by California.

Among those named by Mr. Conn as having been tentatively selected as directors of the stabilization corporation are included Harry M. Creech, president and general manager of the Sunmaid Raisin Growers Association and Sunland Sales; J. M. Leslie, president of the Sunmaid Raisin Growers of California; J. L. Nagle, general manager of the California Fruit Exchange; Lucius Powers, head of the L. Powers Fruit Co. of Fresno; A. Emery Wishon, general manager of the Great Western Power Co.; Paul Shoup, president of the Southern Pacific; Walton N. Moore, vice chairman, Federal reserve bank; H. R. Freeland, grape grower, of Fresno; R. J. Senior, of Sanger; R. E. Hyde, of Visalia; Donald D. Conn; Scott F. Ennis, president of the Pacific Fruit Exchange; T. T. C. Gregory, San Francisco attorney; R. D. Fontana, president of the Earl Fruit Co. of San Francisco.

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Announcement of the merger followed months of negotiations. The eight companies will combine their facilities and share proportionately in the capital stock of the concern, amounting to $15,000,000. Gregory, the attorney, and Lloyd S. Tenny, vice president of the Fruit Industries Corporation and formerly chief of the Bureau of Agricultural Economics, United States Department of Agriculture, did much in directing the merger.

Should the farm relief bill become a law Mr. Conn said the new corporation, besides handling dried fruit, will purchase and ship all classes of fresh fruit on its own account in order to regulate and stabilize the market. In this way, he stated, the grower is insuring the trend of his own price level during the season.

Approval of the formation of the Federal Fruit Stabilization Corporation was voted Tuesday by the board of directors of the California Vineyardists' Association at its meeting in the Hotel Fresno after Mr. Conn had explained the program.

The corporation's plan of operation will be to buy and, when necessary, to warehouse the farm products. It will then make its supplies available to raisin packers and merchandisers. By this procedure the Sun-Maid Raisin Growers, which would not comment on the deal, and commercial operators would receive fruit through the stabilization corporation. Sun-Maid would be treated as one unit, its growers being paid in turn by the association.

In the fresh-grape movement the C. V. A. will direct an extensive program for the improvement of general conditions. The association's clearing-house division, which has been operating for the last two seasons in an endeavor to regulate shipments from California to eastern markets, will have additional powers during the 1929 season.

According to Mr. Conn, changes in the clearing-house contract between the vineyardists' association and fresh-grape shippers will give the association stronger control over the operations of members. He said that applications for membership in the clearing-house associations already include agencies handling 85 per cent of the annual fresh-grape tonnage.

This new program is the opening gun in the C. V. A. membership campaign, which was postponed 30 days while Mr. Conn went over the situation with officials at Washington. No reference was made at the meeting to the prohibition angles of the grape deal which has been the center of attention here and in Washington recently.

Whether the United Raisin Growers, a sweatbox pool of "outside growers," will cooperate in the program of the new Federal Fruit Stabilization Corporation is to be determined by the executive committee of that organization at a meeting next week, it was announced Wednesday by Ben Drenth, chairman of the group.

"At this time we are not completely familiar with the stabilization corporation plan, so can not either indorse or reject the program," Mr. Drenth said. "We do not want to act until we are thoroughly familiar and we are doing everything we can to gain as much knowledge of the

program as possible. It is our intention to attend the various information meetings that are scheduled and to then meet to discuss the plan. When our meeting is held, we will determine whether we indorse the project."

At its last meeting the sweatbox pool urged growers to hold out for 5 cents a pound on their 1929 crop, a price classed by Donald D. Conn, managing director of the new corporation, as "a mistake" and as "no such animal." The United Raisin Growers, at its meeting, will be called upon to indorse a plan providing a smaller payment, but one in a stabilized market and industry.

Mr. McKELLAR. Mr. President, I want to make just this statement about the matter before taking my seat: It has already been proposed that presidents, and bankers, and lawyers, and men engaged in all kinds of business, shall come in, and I have no doubt that in the end they will control this producers' association. I do not think this bill was intended for that kind of thing. I am not in favor of the proposal made by the Senator from California. I do not think it ought to be agreed to. The Senator has already withdrawn the amendment temporarily, and I hope he will make it permanent and excuse us from having to vote it down.

Mr. SHORTRIDGE. Mr. President, I rise merely to thank the Senator from Tennessee for introducing this article advertising California. Whether this particular organization will come within the terms of the bill or not, I am not prepared to say; I do not know; but I see nothing evil, nothing culpable, in the proposed organization to which this article refers. Perhaps hereafter I may add a few words in regard to the matter.

Mr. BURTON. Mr. President, I ask unanimous consent to have printed in the RECORD a telegram I have received from a cooperative association.

The PRESIDING OFFICER. Is there objection?

There being no objection, the telegram was ordered to lie on the table and to be printed in the RECORD, as follows:

OAKHARBOR, OHIO, *May 8, 1929.*

Senators WATSON and BURTON,

Senate Chamber, Capitol Building:

Oldest cooperative farmers' elevator in Ohio, operating four plants, approves administration relief plan with board having broad powers and authority recommending fair commodity price level based on carry-over and actual production succeeding year, with revolving fund accessible elevators, mills, and warehouses at low interest rate. This should minimize market fluctuations and permit larger carry-over, insuring domestic needs. We are opposed debenture plan or direct Government subsidy as wasteful and costly system, incurring further competition export nations. Producer organizations can handle surplus problem with aid Government revolving funds and dictum strong sympathetic farm board. Agriculture needs marketing system having confidence of investors and permitting carrying larger stock to meet seasonable changes.

OTTAWA COUNTY COOPERATIVE CO.,
L. C. SCHMUNK, *General Manager.*

Mr. BLAINE. Mr. President, I offer two amendments, which cover the same words in different places, and really amount to one amendment.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. The Senator from Wisconsin offers the following amendment: To strike out, on page 24, in line 4, the words "or member" and to insert before the word "employee," in line 4, the word "or"; and further, on page 24, in line 9, to strike out the words "or member" and to insert the word "or," before the word "employee," in line 9.

Mr. BLAINE. Mr. President, the purpose of the amendment is simply to strike out the penal provision with reference to members with respect to stock cooperatives, membership cooperatives, and the standard cooperative associations.

It will be observed that this is a penal provision, and the offense proposed to be created is in the giving out of information that has been given to an officer, a director, an employee, or a member of any such association which has been by order determined to be confidential by the board created by this section.

I can readily conceive of many situations where this penal provision would be violated, and violated quite generally. It does not take any stretch of the imagination whatsoever to visualize a situation whereby the board might regard something as confidential, and impart it to the officers of these various associations, and impart that same confidential information to the members of those associations, members who are located two or three thousand miles away from the city of Washington, back on the farms, at their social gatherings and town meetings and in their visitations among themselves. A farmer having this information, earmarked as very confidential, perhaps, would never know of the rule, would never know of the extreme penalty that would be inflicted upon him if he were to tell his neighbor about it, even a neighbor who belonged to the same association, who had the same information. I merely desire to strike out the word "member," so that the penal provision will not apply to the membership of these several cooperative associations.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Wisconsin [Mr. BLAINE].

The amendment was agreed to.

Mr. BLAINE. Mr. President, I have a companion amendment—to reduce the fine from $10,000 to $2,000 and to reduce the imprisonment from 10 years to 2 years. I ask that the amendment I send to the desk be reported.

The PRESIDING OFFICER. The clerk will report the amendment.

The CHIEF CLERK. On page 24, line 10, the Senator from Wisconsin moves to amend by striking out the figures "$10,000" and to insert in lieu thereof the figures "$2,000," and to strike out in line 11, page 24, the word "ten" and insert in lieu thereof the word "two."

The amendment was agreed to.

Mr. SMITH. Mr. President, I want to ask the chairman of the Committee on Agriculture and Forestry if any action has been taken in regard to the part of the bill found on page 13, beginning with line 7, and ending in line 10 with the word "extent," which provides that "no such loan shall be made unless, in the judgment of the board, other available facilities for borrowing upon the security of the commodity have been used to the fullest practicable extent." Has any action been taken on that?

Mr. McNARY. Mr. President, the Senator from Arkansas [Mr. CARAWAY] and the Senator from Iowa [Mr. BROOKHART] stated to the chairman of the committee that they intended to move to eliminate that language from the bill. I do not know whether any amendment looking to that end is now pending or not.

Mr. CARAWAY. Mr. President, I was just trying to get the floor to offer such an amendment.

Mr. SMITH. If the Senator from Arkansas has an amendment to eliminate that provision, I want the privilege of voting for it, because if no one had offered an amendment to that effect, I proposed to offer an amendment to strike those words from the bill, since anyone can see at a glance that that language is absolutely contrary to the spirit and the text of the entire legislative program.

Mr. CARAWAY. Mr. President, I had given notice of my intention to offer, and had had printed and lying on the desk, an amendment to strike out, on page 13, all of lines 7, 8, and 9, and the word "extent" on line 10. I wish to offer that amendment now.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 13, the Senator from Arkansas proposes to strike out all of lines 7, 8, and 9 and the word "extent" and the period on line 10, as follows:

No such loan shall be made unless, in the judgment of the board, other available facilities for borrowing upon the security of the commodity have been used to the fullest practicable extent.

Mr. McNARY. I am quite in accord with the view of the Senator from Arkansas. It was through an oversight that the language did not go out in the committee before the report was made. The purpose is to compel those who seek assistance from the board to exhaust all other means for a loan upon the security of the commodity before applying to the board. It is an imposition upon those who expect to benefit from the bill, and I repeat I am in accord with the views of the Senator from Arkansas.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Arkansas. Without objection, the amendment is agreed to.

Mr. CARAWAY. Mr. President, I want to call attention to and move to strike out the definition of cotton.

Mr. McKELLAR. On what page?

Mr. CARAWAY. On page 21, beginning in line 14, down to and including line 16. It seeks to define cotton as it is understood and referred to in the bill. After discussion and more mature deliberation, we wish merely to strike out the definition of cotton so that it will be impossible to include within that definition all the possible grades and staples that might be deserving of assistance under the provisions of the bill. We want to strike out the definition of cotton by striking out lines 14, 15, and 16 on page 21.

The PRESIDING OFFICER. The clerk will report the amendment submitted by the Senator from Arkansas.

The CHIEF CLERK. On page 21, lines 14, 15, and 16, strike out the following:

(h) As used in this section the term "cotton" means staple cotton and cotton of any tenderable grade under the United States cotton futures act.

Mr. McNARY. Mr. President, the definition that appears in the bill was, I think, inserted at the suggestion of the Senator from Arkansas [Mr. CARAWAY], the Senator from Louisiana [Mr. RANSDELL], and the Senator from Alabama [Mr. HEFLIN]. I inquire of those three Senators if they are agreed upon the striking out of that definition?

Mr. CARAWAY. I think so.

Mr. SMITH. Mr. President, if the Senator will allow me, I think it ought to go out because a staple and a grade are two entirely different things. The trade considers the word "staple" to mean an entirely different variety of cotton from what is known as ordinary upland cotton. The grades of cotton that may be tenderable on contracts do not include all the grades of cotton that are bought and sold otherwise than tendered on contracts. Therefore if we are going to set up machinery to take care of cotton there ought to be no limitation as to definition except the word "cotton." I think the provision ought to go out.

Mr. HEFLIN. Mr. President, I quite agree with the Senator from South Carolina.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Arkansas.

The amendment was agreed to.

Mr. NYE. Mr. President, I send to the desk an amendment, which I ask to have laid before the Senate.

The PRESIDING OFFICER. The clerk will report the amendment submitted by the Senator from North Dakota.

The CHIEF CLERK. On page 25, after line 4, insert the following paragraph:

It shall be a further declared purpose and policy of this act to recognize, encourage, and utilize existing cooperative farm organizations and farm cooperative marketing agencies.

Mr. NYE. Mr. President, I think a general survey of the bill presented at this time is more or less convincing of the intent and purpose to serve and utilize existing cooperatives. However, I can see no harm in clarifying that intent and that purpose, and I understand the chairman of the committee has no objection to it.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from North Dakota.

The amendment was agreed to.

Mr. NYE. Mr. President, I had intended to propose another amendment which I had printed last night, but which I think more properly belongs in a separate bill or separate resolution relating to an appropriation for the purpose of supplying the needs of the Chinese people at this time with American wheat and American products. With assurances from the chairman of the committee that if such a bill or resolution will receive careful consideration if offered to take care of the matter separately, I withdraw the intended amendment.

Mr. McNARY. Mr. President, I want to be very clear on this matter. I told the Senator from North Dakota I would be very glad to call a meeting of the committee this week to consider the proposal. Just what action the committee will take I, of course, do not know.

Mr. NYE. I so understood the Senator.

The PRESIDING OFFICER. Without objection, the amendment is withdrawn.

Mr. BLAINE. Mr. President, I desire to offer the amendment which I send to the desk, and I ask that it may be reported.

The PRESIDING OFFICER. The clerk will report the amendment submitted by the Senator from Wisconsin.

The CHIEF CLERK. The Senator from Wisconsin offers the following amendment: On page 12 insert a new paragraph, as follows:

Contracts between any stock or membership corporation or cooperative association organized under the laws of any State and qualified as hereinbefore provided and the members of said respective stock or membership corporations or cooperative associations, whereby such members agree to sell all or a specified part of their products to or through their respective corporations or associations or any facilities created by the said corporations or associations, shall, if otherwise lawful, be valid: *Provided*, That the term of such contracts does not exceed five years: *Provided, however*, That this requirement shall not prevent such contracts from being made self-renewing for periods not exceeding five years each; and whenever any of such corporations or cooperative associations have entered into such contracts with their respective members, the stabilization corporation herein provided for may likewise enter into such contracts with the respective stock or membership corporations and cooperative associations, whereby such stock or membership corporations or cooperative associations agree to sell all or a specified part of their products to or through the stabilization corporation or any facilities created by it, and such contracts shall, if otherwise lawful, be valid: *Provided*, That the term of such contracts entered into with the stabilization corporation does not exceed the term provided for in the contract between the stock or membership corporations or cooperative associations and their respective members: *And provided further*, That this requirement shall not prevent such contracts with the stabilization corporation from being made self-renewing for periods not exceeding the term of the contracts between the stock or membership corporations or cooperative associations and their respective members. The Federal farm board herein created shall prescribe the necessary rules and regulations for carrying out the provisions of this subsection.

Mr. BLAINE. Mr. President, the amendment on the first reading might appear to be somewhat involved. A brief explanation should very quickly clear up any suggestion of involvement.

The Capper-Volstead Act attempts to take cooperative associations out from under the antitrust laws to a certain extent. The purpose of my amendment is to extend the provisions of the Capper-Volstead law relating to cooperative associations. The amendment simply provides that members of the cooperative associations and other qualified associations provided for in the bill may enter into exclusive term contracts with their organizations for the sale of all or a part of a farm commodity. It is necessary to make that provision in order to leave local cooperative associations free from the provisions of the antitrust law.

Then the second provision is that the stabilization corporation may enter into exclusive term contracts with the cooperatives and other organizations qualified to belong to the stabilization corporation for the sale of a part or all of some farm commodity. The purpose of that provision is to lift the stabilization corporation out from under the antitrust law with respect to exclusive term contracts. That can be done and it must be done by direct legislative declaration; otherwise the courts may hold that an exclusive term contract entered into by a stabilization corporation with a cooperative association and other associations qualified to join it may be a combination in restraint of trade and thereby the stabilization corporation will be impotent to function effectively.

It certainly has come to the knowledge of Senators that a cooperative organization can successfully operate only when it may enter into exclusive long-term contracts. The chairman of the committee has referred to the high-pressure salesmanship of the farm board created by the pending bill. If the farm board must have high-pressure salesmanship every year in order to bring within the stabilization corporation the various local associations, they will spend most of their time soliciting membership. From the experiences we have had in my own State it is a mighty difficult thing to maintain successfully a cooperative movement unless the membership joins for a definite, specific term.

Moreover stabilization corporations are intended to stabilize prices. If they can enter into arrangement with the local cooperative associations from year to year only, it would be practically impossible as a business transaction for the stabilization corporation to stabilize prices, but if they can lawfully enter into long-term contracts—five years in the opinion of the economists who have thought upon the question and discussed it—then the stabilization corporation will be in a position to contract to handle a commodity over a period of five years. So the purpose of the amendment is to make the stabilization corporation effective without constantly going out and soliciting memberships, to permit the contracts to be self-renewing and also, more important perhaps than all, to take their transactions or their business from under the possibility of prosecution under the antitrust law whereby it might be charged that they have entered into contracts in restraint of trade.

Mr. McNARY. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Wisconsin yield to the Senator from Oregon?

Mr. BLAINE. I yield.

Mr. McNARY. When the amendment of the Senator from Wisconsin was read by the clerk it was my opinion that the Senator was making an effort to take the cooperative associations and the stabilization corporations out from the operation of the Sherman Antitrust Act. I think that is the main purpose of the amendment.

Mr. BLAINE. With respect to long-time contracts.

Mr. McNARY. I think whether we term them long-term contracts or immediate transactions they all fall within one class as matter of principle.

Mr. BLAINE. Yes.

Mr. McNARY. I think the Senator's argument would be probably more appealing if it were not for the fact that several years ago the Congress enacted the Capper-Volstead Act which in my opinion takes the cooperative associations out of the operation of the Sherman Antitrust Act. Unless these cooperatives shall through a combination unreasonably enhance the value of their products they are free from the operations of the law; otherwise they come within its provisions—a wise piece of legislation, in my judgment.

If the stabilization corporation, acting as the agent for various cooperative associations, should make contracts for the sale or for the marketing of farm commodities or to acquire fertilizer or other facilities, in my opinion, unless it should violate the spirit of the Capper-Volstead Act and bring about an undue enhancement of the price of the commodities handled by it, it would not come under the Sherman antitrust law. Therefore, I do not see that the Senator is really proposing to put anything into the bill that is not now found in existing law.

Mr. BLAINE. Mr. President, I acknowledge that there is force in the statement of the chairman of the committee, but the Capper-Volstead Act, as I recall it, leaves the question to a determination by some board or organization. The very fact that an exclusive contract for a term of years—as provided in this amendment five years—could be made, might have the effect, as in fact the bill is designed to have the effect, to enhance the price of farm commodities or to enhance the proceeds that the farmer will receive.

I do not believe that it is safe to trust this economic question to a decision of the courts. When the stabilization corporation organizes, if it undertakes to enter into exclusive term contracts it will at once be faced with the threat of prosecution for a violation of the antitrust laws; while if Congress declares that a contract entered into between the cooperative association and its members may be for a term——

The PRESIDENT pro tempore. The time of the Senator has expired on the amendment, but he still has 10 minutes left on the bill.

Mr. BLAINE. Mr. President, if Congress declares a contract entered into between the cooperative association and its members, maybe for a term of five years, and is otherwise valid, I think our courts have already determined that that sort of a contract does not come within the condemnation of the antitrust law. I hope, therefore, in the interest of the stabilization corporation, and the entire program which is proposed to be set up by the bill, that the amendment may be adopted, for I know that our experience in Wisconsin is that the only way by which a cooperative association may be made successful is to provide for a term of years during which it may operate in a business way and stabilize the price of the commodity.

Mr. WALSH of Montana. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Wisconsin yield to the Senator from Montana?

Mr. WALSH of Montana. I thought the Senator from Wisconsin had concluded.

Mr. BLAINE. I thought the Senator desired me to yield for a question, but I will yield the floor.

Mr. WALSH of Montana. Mr. President——

The PRESIDENT pro tempore. The Senator from Montana is recognized.

Mr. WALSH of Montana. Mr. President, I very much fear that the only effect of the amendment now offered by the Senator from Wisconsin will be to limit the operation of the Capper-Volstead Act. Those who are familiar with the measure when it was in the course of passage will recall that one of its prime objects was to relieve just such contracts from the condemnation of the Sherman Act, and the law so expressly provides. It authorizes "persons engaged in the production of agricultural products," and so on, to associate themselves, and then provides—

> Such associations may have marketing agencies in common; and such associations and their members may make the necessary contracts and agreements to effect such purposes.

It was represented at that time, as the Senator from Wisconsin now advises the Senate, that in the conduct of the business of cooperative associations it was found necessary to tie up the members by agreement that they would deliver all of their products for a certain limited period to the cooperative association, and five years, as indicated by the Senator from Wisconsin, was the usual time. It was apprehended that those contracts would fall under condemnation of the Sherman Act, and one of the very purposes of the Capper-Volstead Act was to take them out from under the condemnation of the act.

It will be observed that no limitation at all is placed upon the duration of the contract by the Capper-Volstead Act. Under that act it would appear as though parties so associated could make a contract thus binding themselves to deliver their products for an unlimited period, while if the amendment is adopted the contracts would be restricted in their duration to a period of five years, with an option for a renewal for an additional period.

The thought is suggested, Mr. President, in connection with the amendment offered by the Senator from California [Mr. SHORTRIDGE]—and it is really worthy of consideration, and I suggest it to the chairman of the committee, although I would not favor the amendment of the Senator from California—whether the definition confining cooperative associations which may thus combine under the bill and organize stabilization corporations to the corporations created under the Capper-Volstead Act is not too narrow. I rather apprehend that the case in Wisconsin is as it is in my State. Prior to the time when the Capper-Volstead Act was passed, dairy associations were organized, not under the provisions of the Capper-Volstead Act at all, but they have been in operation all these years. Of course, I dare say, that the situation will be met by the amendment lately adopted, which was offered by the Senator from North Dakota [Mr. NYE], which admits to the benefits of the bill all the cooperative associations now operating, but hereafter those which may be organized must organize pursuant to the terms of the Capper-Volstead Act.

The restrictions pointed out by the Senator from California are not, it will be observed, the only restrictions imposed by that law. It is true that only those corporations engaged in interstate commerce may unite under that act, but there are further restrictions. A corporation in order to fall under the Capper-Volstead Act must be a corporation consisting of members not represented by stock but simply of members, each member having one vote; or it must consist of members holding stock, with a provision that not more than 8 per cent dividend shall be paid upon the stock, the remainder to be distributed among those who contribute their produce to the business of the association. There is still a further restriction in the act, and that is that the corporation shall not deal in produce not belonging to members of the association to an amount greater than one-half of its entire business.

When the dairy industry was first inaugurated in the State of Montana it was found exceedingly difficult to get the farmers to go into the cooperative. Some farmers were fairly well to do and were willing to subscribe for quite a substantial amount of stock, while others were indifferent about the matter and perhaps not able to contribute very much, and they contributed only in a relatively small amount. But the industry has gone on in that way, and it is perfectly satisfactory to them and works all right. That kind of corporation would not be eligible under the provisions of this bill.

Mr. McNARY. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Montana yield to the Senator from Oregon?

Mr. WALSH of Montana. I yield.

Mr. McNARY. A corporation of that character can not come within the benefits of the Capper-Volstead Act, but if the Senator will look at the definition of a cooperative association on page 24 of the bill he will observe that the definition of the Capper-Volstead Act as to cooperatives has been very greatly enlarged, which I think meets the very situation which the Senator is pointing out.

Mr. WALSH of Montana. The Senator refers to a subsequent provision of the bill.

Mr. McNARY. Yes. If the Senator will read that, I will be very happy to hear him comment on it.

Mr. WALSH of Montana. I will be glad to take the opportunity of examining the provision referred to by the Senator from Oregon.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Wisconsin [Mr. BLAINE].

The amendment was rejected.

Mr. CAPPER. Mr. President, I offer an amendment and call the attention of the chairman of the Committee on Agriculture and Forestry to it.

The PRESIDENT pro tempore. The amendment proposed by the Senator from Kansas will be stated for the information of the Senate.

The CHIEF CLERK. On page 15, line 11, after the word "adequate," it is proposed to insert the following:

> The board may make loans to cooperative associations for the purpose of paying off existing obligations or indebtedness upon existing physical marketing facilities, including equipment, land, buildings, and other property. Such loans shall be secured in such manner as in the judgment of the board is adequate.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Kansas.

Mr. McNARY. Mr. President, it would seem, from a hasty reading of the amendment, that it is intended to refinance existing cooperative organizations.

Mr. CAPPER. That is the purpose of the amendment; and the Senator from Oregon will remember that this amendment was submitted a few days ago by the legislative committee of the American Farm Bureau Federation.

Mr. McNARY. Mr. President, about two weeks ago some individuals engaged in the milk industry came to my office and proposed an amendment similar in character to the one proposed by the Senator from Kansas. I asked if it was intended for the purpose of refinancing existing organizations and permitting them to pay off the debts they now owe by borrowing at a lower rate of interest from Federal funds. They said "Yes." At that time I told them that I would have to oppose the proposal.

The purpose of this bill is to promote orderly marketing, and that is the excuse for the employment of Federal funds. To permit the Government's money to be expended to refinance organizations that now owe country banks and the city banks debts at rates of interest far in excess of the rate which would be obtainable under this bill certainly would be a violation of the spirit of this proposed legislation. It would cost hundreds of millions of dollars; it would cost more than that. I made an estimate that it would absorb every dollar provided in this bill. However, only $25,000,000 are available for this purpose.

If money is to be expended to create facilities in order to promote orderly marketing, that falls within the purpose of the bill; but if, in the case of existing facilities which are now mortgaged and upon which the owners are paying a high rate of interest, we are to give them Federal money at a low rate of interest, we are entering upon a scheme which will bring us a great deal of grief and, in my opinion, destroy the purpose of the proposed legislation.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Kansas [Mr. CAPPER].

The amendment was rejected.

The PRESIDENT pro tempore. The bill is still before the Senate as in Committee of the Whole and open to amendment.

Mr. McNARY. Mr. President, in the discussion a moment ago I asked the Senator from Montana [Mr. WALSH] to direct his attention to the provision about cooperative associations on page 24, thinking that after a study of the matter he might conclude that it meets the situation as described in his State.

Mr. WALSH of Montana. No, Mr. President; I think not. I have made a further study of that portion of the bill, and I do not think it reaches the situation.

That provision reads as follows:

> Whenever in the judgment of the board the producers of any agricultural commodity are not organized into cooperative associations so extensively as to render such cooperative associations representative of the commodity, then the privileges, assistance, and authority available under this act to cooperative associations shall also be available to other associations and corporations producer-owned and producer-controlled and organized for and actually engaged in the marketing of the agricultural commodity.

Now, take the dairy business——

Mr. BLACK. Mr. President, I rise to a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. BLACK. What is before the Senate?

The PRESIDENT pro tempore. No amendment is pending. Under the conditions attending the debate the present debate is on the bill.

Mr. WALSH of Montana. Mr. President, I dare say that the dairy industry, for instance, is unquestionably organized into cooperative associations sufficient to render such associations representative of the commodity. They can apply for a stabilization corporation; but the corporations to which I refer, organized prior to the passage of the Capper-Volstead Act, will not under this provision be entitled to come in and participate as members of the stabilization corporation, because a cooperative association, as the term is used in this act, is one which meets the requirements of the Capper-Volstead Act. There are enough of them, of course, to petition for the stabilization corporation; but the corporations to which I refer will not be permitted to join in the application, nor, after the stabilization corporation is created, will they be entitled to admission to membership in it.

Mr. McNARY and Mr. BLAINE addressed the Chair.

The PRESIDENT pro tempore. To whom does the Senator from Montana yield?

Mr. WALSH of Montana. I yield first to the Senator from Oregon.

Mr. McNARY. Mr. President, I am very anxious to meet the conditions that have been stated here by the Senator from Montana; but I do not understand the character of the organization which he has in mind which would not come within either the definition of the Capper-Volstead Act or the enlarged definition contained in this bill.

Mr. WALSH of Montana. Let me try to make it perfectly clear.

We will suppose, as no doubt is the case, that there are a great number of dairy cooperative associations organized under or that will fulfill all the requirements of the Capper-Volstead Act so that they may join and apply for the certification of a stabilization corporation; and all of those who join in the application must have those characteristics. Now, I instance to the Senator the case of a corporation organized prior to the Capper-Volstead Act for the purpose of carrying on the dairy business. There are a large number of farmers who have contributed to the capital, some in some considerable quantity and others in a lesser quantity, and they are able to declare a dividend of 10 per cent, which will not be permitted under the Capper-Volstead Act. It is entirely satisfactory to them, however, and to all concerned, to go right on on the stock basis, but no one being entitled to admission who is not engaged in the dairy business; and they go on with their business and have for years gone on with their business just the same as an ordinary corporation, with each one entitled to as many votes as he has shares of stock in the corporation. Now, that kind of a corporation—and I dare say there are many of them in the State of Wisconsin, as there are quite a few in my State—would not be entitled to come in and participate in the organization of a stabilization corporation at all.

Mr. BLAINE and Mr. McNARY addressed the Chair.

The PRESIDENT pro tempore. To whom does the Senator from Montana yield?

Mr. WALSH of Montana. I yield now to the Senator from Wisconsin.

Mr. BLAINE. Just along that line, the cooperative association that can not qualify under the Capper-Volstead Act therefore would not be protected as against the antitrust laws under the Capper-Volstead Act.

Mr. WALSH of Montana. Of course not.

Mr. BLAINE. And for that very reason I think it is regrettable that the amendment I offered was defeated.

Mr. WALSH of Montana. It seems to me that is a matter of no consequence, however, because the cooperative association not organized under the Capper-Volstead Act can not get into the scheme at all.

I now yield to the Senator from Oregon.

Mr. McNARY. Mr. President, I was going to inquire what hardships the associations about which the Senator now speaks would experience if they did come in or were forced to come in under the Capper-Volstead Act? Why would it not be to their advantage to come in under that act? The whole purpose and design of this bill is to aid cooperative marketing and incidentally, to induce, as far as possible, membership in these cooperative associations. If we make it too easy and tear down the bars so that any old organization can come in, we never will build up a cooperative organization system in the country.

Mr. WALSH of Montana. I fully agree with the Senator.

Mr. McNARY. Take the Senator's proposition: Why would the cooperatives in the Senator's State experience a hardship if they were forced, in order to take advantage of this act, to come within the definitions prescribed by the Congress?

Mr. WALSH of Montana. I will show the Senator. I instanced the case of a business that has been built up, and one farmer has contributed, we will say, 20 per cent of the capital and another farmer has contributed only 5 per cent of the capital. What will you do with a man who has 20 per cent of the capital? He is a farmer. He is a dairyman. He is producing the commodity just the same as the other man, and he went in and put in his money for the purpose of building up the institution. You would make him sell off his stock down to the level of the others, or you would restrict him in the dividends that he gets on his stock.

Mr. McNARY. That is the way it would operate. The man having 20 shares would have no greater voice than the one having 1 share. He would receive dividends in proportion to the shares of stock he owned in the cooperative association. Instead of receiving 10 per cent, he would receive 8 per cent, as all of them would.

Mr. WALSH of Montana. Of course, the Senator realizes that it will necessitate the reorganization of every one of those corporations.

Mr. McNARY. Oh, well, now the Senator is coming back to the proposition. Of course, it would require a little work upon the part of the cooperatives to receive the advantages they would receive under the Capper-Volstead Act and under the provisions of this bill. I think the able Senator from Montana would be happy to advise his folks to come within the law prescribed by Congress in order to reap those advantages.

Mr. WALSH of Montana. Of course, they might not take that view of it.

Mr. McNARY. I am sure they would follow the Senator.

The PRESIDENT pro tempore. The bill is still before the Senate as in Committee of the Whole and open to amendment.

Mr. BROOKHART. Mr. President, upon the proposition just discussed, it seems to me the act should permit the cooperatives organized under the State laws to come in. They do not seem to be included here. I am also strongly of the opinion that it ought to be restricted absolutely to cooperatives. This section would permit individuals and other corporations to come in where there are not enough cooperatives to handle the business. I think under that condition they ought to organize other cooperatives, either under the laws of the State or under the laws of the United States.

Now, Mr. President, I desire to offer an amendment.

The PRESIDENT pro tempore. The amendment will be stated for the information of the Senate.

The CHIEF CLERK. The Senator from Iowa offers the following amendment:

On page 10, line 18, strike out the words "in the open market."

Mr. BROOKHART obtained the floor.

Mr. McNARY. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Iowa yield to the Senator from Oregon?

Mr. BROOKHART. I yield to the Senator from Oregon.

Mr. McNARY. The Senator from Iowa spoke to the chairman of the committee a few days ago about this amendment. Personally, I have no objection to it. Undoubtedly the stabilization corporation would buy in the open market at the prevailing price. I do not think it adds anything to the bill to strike it out, nor, probably, does it improve the bill to leave it in.

The PRESIDENT pro tempore. Without objection, the amendment is agreed to. The bill is still before the Senate as in Committee of the Whole and open to amendment.

Mr. STECK. Mr. President, I offer the amendment which I send to the desk.

Mr. BROOKHART. Mr. President, I have still another amendment.

The PRESIDENT pro tempore. Will the senior Senator from Iowa yield to his colleague, who had the floor?

Mr. STECK. I yield.

The PRESIDENT pro tempore. The amendment proposed by the junior Senator from Iowa [Mr. BROOKHART] will now be stated for the information of the Senate.

The CHIEF CLERK. On page 17, line 16, after the word "and," it is proposed to insert the following:

the immediate credit banks shall lend to the Federal farm board the full amount of their unloaned resources, or any portion thereof, and these funds, together with this appropriation—

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Iowa.

Mr. BURTON. Mr. President, I should like to know what that amendment is.

Mr. McNARY. I should like to have the amendment read again. I did not catch it.

The PRESIDENT pro tempore. The amendment will be restated.

The Chief Clerk restated the amendment.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Iowa.

Mr. BROOKHART obtained the floor.

Mr. McNARY and Mr. ROBINSON of Arkansas addressed the Chair.

The PRESIDENT pro tempore. The Senator from Iowa has the floor. To whom does he yield?

Mr. BROOKHART. I yield to the Senator from Oregon.

Mr. McNARY. Mr. President, of course, I should like to have an explanation of the amendment; but I assume from the reading of the amendment that the purpose is to make available for the use of the stabilization corporation all of the funds and resources of the intermediate credit banks.

Mr. BROOKHART. All unloaned resources; yes. This is the amendment I talked with the Senator about.

Mr. ROBINSON of Arkansas. Mr. President, is it the desire of the Senator from Iowa to prevent the intermediate credit bank from making loans to other than stabilization corporations? Is it his desire to make it impossible for an individual or for a cooperative or other association to secure a loan from the intermediate credit bank?

Mr. BROOKHART. No. The amendment does not interfere with their loans that are made to others.

Mr. ROBINSON of Arkansas. May I point out to the Senator from Iowa the fact that the amendment requires the intermediate credit bank to loan all of its unloaned funds to the stabilization corporation; and after it has done that it will not be in a position to function in so far as other borrowers are concerned? I can not give my support to this amendment.

Mr. BARKLEY. Mr. President——

Mr. BROOKHART. Upon that proposition, Mr. President, there is a large amount of unloaned resources now in the intermediate credit bank. It is not any imposition on anybody to use them for the same purpose in this board, and it gives this board control of a wider range of resources to use for these stabilization purposes. It leaves the thing in confusion if the intermediate credit bank can conduct one system of lending and this bank another system. A union of the two would be much better. My main purpose was to get the resources of the intermediate credit bank into use.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. BROOKHART. I yield.

Mr. ROBINSON of Arkansas. The intermediate credit bank is not limited in its activities or loans to stabilization corporations or cooperative associations. If this amendment prevails, the intermediate credit bank will become a mere feature of the stabilization corporation.

Mr. SMOOT and Mr. BARKLEY addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Iowa yield; and if so, to whom?

Mr. BROOKHART. I yield first to the Senator from Utah.

Mr. SMOOT. I do not believe the Senator wants this mandatory. Even if it were permissive, it would be bad enough. Suppose the intermediate credit bank should not have the amount of money to lend it must have in order to meet the requirements of the amendment, which may be the case; then what? If this were mandatory, would not that bank be compelled to go out and borrow money and reloan it?

Mr. BROOKHART. It would raise the funds on bonds.

Mr. SMOOT. Suppose they could not raise the money. This is mandatory, and it seems to me it would be the most unwise thing in the world to adopt the amendment in this form. It would be bad enough to make it permissive, but to make it mandatory it seems to me would be very unwise.

Mr. BROOKHART. I have no objection to the Senator's suggestion so far as that is concerned, but in this case there is nothing mandatory about lending any resources they do not have.

Mr. SMOOT. If the Senator will let the amendment be reported again, he will see that it provides that they shall do it.

Mr. BROOKHART. Yes; as to the unloaned resources, but if they do not have them they do not lend them.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. BROOKHART. I yield.

Mr. BARKLEY. Would not the effect of this amendment be this, that after the resources which are now loaned are repaid, they become again unloaned, and the intermediate-credit bank would then have only one borrower?

Mr. BROOKHART. It would be a fortunate thing, if the board needed all these resources, if it could get them upon demand. But I do not apprehend that the board would at one time demand anywhere near all these resources. It would be only in extreme cases.

Mr. FLETCHER. Mr. President, does it not mean that practically the intermediate-credit banks would go out of business when this went into effect? It would make all their unused resources available to this corporation.

Mr. BROOKHART. Only upon demand or on the necessity of this Federal farm loan board, and if they could be loaned for that purpose that would be the best use to which they could be put.

Mr. GEORGE. Mr. President, will the Senator yield?

Mr. BROOKHART. I yield.

Mr. GEORGE. If the Senator's amendment should be adopted, of course, the intermediate-credit banks would simply be transferred, so to speak, over to this board, and you would have cut away the only supply of production credits the Congress has ever provided for the farmer, because the intermediate-credit banks provide funds or credits for production purposes. This bill does not. This farm board is going to market the products. It does not use any money for production purposes.

Therefore the Senator's amendment would destroy the only agency set up by the Government for financing the farmer's production.

Mr. SMITH. Mr. President, if the Senator will yield, as I understand, the source of the collateral of the intermediate-credit banks is the bonds issued by local farm organizations. What will become of those local organizations, not cooperatives, but just local organizations that unite for the purpose of furnishing the proper security for the issuance of bonds, the collateral to be placed with the banks, if the funds of the intermediate-credit banks shall be loaned to the stabilization corporation? Where will they get a basis of credit to back an issue of bonds?

Mr. BROOKHART. Mr. President, there will be some working out of the problem between the farm board and the intermediate credit bank. I do not apprehend that the farm board will demand all of these resources at any one time, except in the case of very great necessity, but if that case should arise, they ought to have them.

Mr. SWANSON. Mr. President, will the Senator yield?

Mr. BROOKHART. I yield.

Mr. SWANSON. As I understand, the funds of these intermediate credit banks have been subscribed and furnished under existing law, and good faith requires that the law should be continued and the people who have furnished the funds that went into the banks protected in their rights. Would it not be a breach of faith to take those funds and use them under a different law than that under which they were subscribed and furnished?

Mr. BROOKHART. They would not take any funds that have been furnished.

Mr. SWANSON. It would take whatever funds they have.

Mr. BROOKHART. This amendment would stimulate the furnishing of more funds.

Mr. SWANSON. It would be a breach of faith to take the funds and divert them to a different use from that for which they were furnished.

Mr. BROOKHART. The Senator has a wrong idea of the amendment. The purposes of the intermediate credit bank and the Farm Loan Board are the same. Their functions are very much the same. This practically unites them into a single system.

Mr. President, for the present I will withdraw the amendment.

The PRESIDENT pro tempore. For the time being the Senator from Iowa withdraws his amendment. The bill is still in Committee of the Whole and open to amendment.

Mr. STECK. Mr. President, I offer an amendment, which has been sent to the desk.

The PRESIDENT pro tempore. The amendment will be reported.

The CHIEF CLERK. On page 15, after line 13, insert the following as a new subsection to section 6:

The board may make loans to cooperative associations, the proceeds of the loans to be used for assisting the cooperative association in acquisition by purchase, construction, or otherwise, of facilities and equipment for the preparing, handling, storing, processing, and sale of cornstalks, wheat, oat, and rice straw, cotton stalks, cane stalks, and other like agricultural products. Such loans made under this subdivision may be secured by marketing contracts of members of cooperative associations and be required to be paid, together with interest thereon, within a period of 20 years by means of a charge to be deducted from the proceeds of the sale or other disposition of each unit of the agricultural commodity delivered to the cooperative association, or may be secured in such other manner as, in the judgment of the board, is adequate. The aggregate amount of loans for the purpose of this subdivision, outstanding and unpaid at any one time, shall not exceed $25,000,000.

Mr. McNARY. Mr. President, from a reading of the proposed amendment it seems to be a restatement of section 6 of the bill. It does enlarge that section by including cornstalks and a few other commodities; that seems to be the central idea of the amendment. I fail to recall just which commodities have been mentioned.

Mr. STECK. I have left out the stabilization corporation, because I did not see that there would be any necessity for such a corporation in the handling of these products.

Mr. McNARY. Mr. President, first, as a matter of legislation, section 6 has been perfected to-day, with all reference to market contracts eliminated, by an amendment offered by the Senator from Arkansas [Mr. CARAWAY].

The amendment now offered, in its present form, really speaks the views of the Senate. Consequently, I would not like to see an amendment made to the amendment in order to include cornstalks. If the Senator wants to accomplish that purpose, let me suggest that he accept the language of section 6 as perfected to-day and offer an amendment including cornstalks; but let me call his attention to this simple fact, that, in my judgment, the stabilization corporation could experiment in this field. There is no limit upon its activities. Physical properties can be acquired by the stabilization corporation or the cooperative association for the purpose of processing any farm commodity. I think the very thing the Senator attempts to reach can be found in the provisions of the bill as it now stands. Consequently, I hope the Senator will not press his amendment.

Mr. STECK. Mr. President, I see the justice of what the Senator has said, and it is possible that these farm products are now included in the provisions of the bill, but the waste products, so called, are not really farm commodities, in the strict construction of the term, and there is no definition of "farm commodity" in the bill. That is the primary reason why I offered the amendment in the form in which it is.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Iowa [Mr. STECK].

The amendment was rejected.

Mr. STECK. Mr. President, I offer the following amendment.

The PRESIDENT pro tempore. The amendment will be reported.

The CHIEF CLERK. On page 2, at the end of line 16, insert a new subdivision, as follows:

3. The term "agricultural commodity," as and wherever used in this act, shall include corn stalks, wheat, oat, and rice straw, cotton stalks, cane stalks, and other like agricultural products.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Iowa [Mr. STECK].

On a division, the amendment was agreed to.

Mr. SHORTRIDGE. Mr. President, I propose to amend section 14 of the bill, found on pages 24 and 25, and I ask that the amendment be read.

The PRESIDENT pro tempore. The amendment will be reported.

The CHIEF CLERK. On page 24, line 12, strike out down through page 25, line 4, and insert in lieu thereof the following:

(d) As used in this act, the term "cooperative association" means an agricultural association substantially composed of and controlled by persons engaged in the production of agricultural products which association is engaged in or controls the handling, processing, warehousing, and/or marketing of any agricultural product and/or the purchasing of supplies and equipment for its members, and/or any processing or marketing or purchasing agency formed by one or more of such associations provided all of the voting stock in such agency is held by a cooperative association and its members.

Mr. SHORTRIDGE. Mr. President, I appreciate the hour and the desire of the Senate to dispose of this bill this afternoon. Even though I had unlimited time at my disposal, I would not very long trespass on the Senate.

I wish Senators to understand the purpose and the only purpose of this particular proposed amendment.

The PRESIDENT pro tempore. The Chair is compelled to rule that the Senator may not be recognized, the amendment being in the same form as that already discussed by the Senator.

Mr. SHORTRIDGE. I did not occupy the 10 minutes——

The PRESIDENT pro tempore. On the bill?

Mr. SHORTRIDGE. No, Mr. President. Indeed, I do not think I——

The PRESIDENT pro tempore. Let the Chair get the record under the unanimous-consent agreement. [After a pause.] According to the record at the desk, the Senator has already spoken once on this amendment and once on the bill, and therefore can not be recognized.

Mr. SHORTRIDGE. A parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state his inquiry.

Mr. SHORTRIDGE. I withdrew the amendment, intending to reoffer it. Is it the ruling of the Chair that because it is in exactly the same form, in haec verba, I may not be heard in support of it? Is that the ruling?

The PRESIDENT pro tempore. The Chair will have to hold to that effect.

Mr. SHORTRIDGE. Then I will amend the amendment by striking out the word "substantially."

The PRESIDENT pro tempore. The Senator may offer a new amendment.

Mr. SHORTRIDGE. I will offer it as now amended.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from California, which will be stated.

The CHIEF CLERK. On page 24, line 12, strike out down through page 25, line 4, and insert in lieu thereof the following:

(d) As used in this act, the term "cooperative association" means an agricultural association composed of and controlled by persons engaged in the production of agricultural products which association is engaged in or controls the handling, processing, warehousing, and/or marketing of any agricultural product and/or the purchasing of supplies and equipment for its members, and/or any processing or marketing or purchasing agency formed by one or more of such associations, provided all of the voting stock in such agency is held by a cooperative association and its members.

The PRESIDENT pro tempore. The Senator from California is recognized.

Mr. SHORTRIDGE. With the indulgence of the Chair and of the Senators present, the purpose of this amendment, as I stated and repeat, is to enlarge the definition of cooperative associations. Section 14 of this bill as it now reads limits or describes such cooperative associations. It limits them or describes them as they are limited and described in the Capper-Volstead Act. In that act they are described as cooperative associations engaged in interstate or foreign commerce. If Senators desire and think it wise that associations to be benefited by this legislation shall be only those engaged in interstate and foreign commerce, they, of course, will so determine. I submit, however, that the definition of such associations should be broadened, and that is the only purpose of the amendment. If broadened, no such association can receive any benefit unless by and with the approval of the controlling board.

If what I say be correct, then it would appear that if the legislation is designed to assist agriculture or men engaged in different branches of agriculture—if that be its purpose, and of course it is, then I urge upon your thoughtful minds that we should not limit the associations as they are limited in the Capper-Volstead Act, or, in other words, limit them to such associations as are engaged in interstate or foreign commerce.

I know of no association formed or contemplated which has not for its purpose the aid and encouragement of agriculture in its many phases. That is a very broad term. Of course, it includes things that come out of the earth; it includes livestock, poultry, and many other associated or related industries of the field, the farm, the mine, and the forest. I do not beat my breast when I claim to be a friend of the farmer. I have a kindly feeling toward every interest in our land, whether it be in North Carolina or in Maine, in New York or California, whether in city or on farm.

Mr. WHEELER. Mr. President——

The PRESIDENT pro tempore. Does the Senator from California yield to the Senator from Montana?

Mr. SHORTRIDGE. I yield.

Mr. WHEELER. I did not quite hear what the Senator said, and I do not know therefore whether he is reading from the Republican platform or making his own personal statement.

Mr. SHORTRIDGE. I am making a personal statement, but I am proud to add that I walk under the Republican banner and am a regular, and I am as progressive, I hope, as any of those who flatter themselves that they look far into the future. [Laughter.]

Mr. BROOKHART. Mr. President——

The PRESIDENT pro tempore. Does the Senator from California yield to the Senator from Iowa?

Mr. SHORTRIDGE. No; I do not, because I love him too much. [Laughter.] It perhaps does no harm to indulge in a little levity and a little laughter, but I am a Hawkeye and I am not afraid of the bellicose Senator from that State. [Laughter.]

I return to the amendment. I have no interest in this measure other than that of any other Senator. I had hoped the matter might go over until to-morrow to enable certain Senators to study the question. The proposed amendment may be improved, it may be expressed more accurately or more clearly to achieve the only purpose I have in view, and that purpose is not to limit the cooperative associations to those wholly engaged or only engaged in interstate or foreign commerce.

A few more words and I am through. There are—or may be—certain State cooperative associations formed under State laws that can not directly or indirectly avail themselves of any of the benefits of this legislation if the section remains unamended. My amendment is intended to enable them by or through cooperation with state-organized and state-limited organizations or interstate associations to avail themselves of the benefits of the legislation.

I may have presented the matter very poorly, but I think the Senate now understands the purpose of the amendment.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from California.

Mr. McNARY. Mr. President, in the preparation of the bill now under consideration one of the most difficult tasks that confronted us was the definition of a cooperative association. A number of amendments were proposed to change in one form or other the definition of a cooperative association as contained in the Capper-Volstead Act. It is my judgment that the provisions found on page 24 of the bill cover the situation as accurately and as fairly as it could be covered by the employment of language. The proposition was worked over time and time again, and the definition in the bill was one presented to the committee by the chairman after it had been submitted to and worked over by the American Farm Bureau Federation and the American Farm Union, and I think I speak accurately when I say it had the approval of the National Grange. It was resubmitted to the drafting bureau and appears in its present form, which I think is satisfactory to the great farm organizations of the country.

Now, as to meeting the situation: In my opinion this language, properly construed and equitably applied, would meet the situation described by the Senator from California, namely, that if cooperative associations do not come within the provisions of the Capper-Volstead Act, then the provision which permits the board, in its judgment, when cooperatives are not sufficiently organized, to deal with groups who are farm owned and farm controlled, would meet the condition in California or in any other section of the country. There is nothing in the world, if an organization in California or anywhere else is cooperative in character and is farm owned and farm controlled, that would prevent it having the benefits of the bill. If I did not have that supreme confidence, I would go a long way to meet the conditions suggested by the Senator from California.

Mr. SHORTRIDGE. It is very gratifying to hear the chairman express his opinion that this amendment is covered by the bill as reported. I hope he is correct. I desire, however, to put the matter beyond all possible or further doubt or question.

Mr. GLASS. Mr. President, I think the bill as drawn goes very much further than it should go in the direction suggested by the Senator from California. In fact, I am so thoroughly convinced of that fact that I propose to offer an amendment striking out all of lines 16 to 24, inclusive, on page 24, ending with the word "commodity."

I confess that I have not followed the processes of the bill, of course, as a member of the Committee on Agriculture and Forestry would be required to do. But I have gotten the very distinct impression that the purpose of the bill was to encourage cooperative marketing of the more stable crops of the country and not to go into the pawn brokerage business, and not to take money out of the Public Treasury to aid every segment of agriculture.

As the bill was originally drawn, so I am told by the chairman of the committee, the language contained in subsection (d) on page 24 did not occur. As it is there written it is a distinct premium on remaining outside of a cooperative marketing association. It even goes to the extent of authorizing aid to be extended to corporations and associations which distinctively are not representative of the commodity upon which a loan is to be asked. It is to aid unrepresentative corporations. In short, a half a dozen people totally unrepresentative, as required by the text of the bill, may organize a corporation of such inconsequence as that it may be in no measure or sense representative of a given commodity, and yet it may avail itself of the facilities of the system we are proposing to set up.

I had been led to understand that the whole difficulty of the agricultural interests of the country was to take care of the surplus so that it might be marketed in an orderly way, and to that end we were to encourage the organization of cooperative marketing associations. Yet right at the end of the bill we utterly nullify the alleged purpose of it by offering a premium to people to remain out of cooperative associations by saying to them, "You may be aided whether you go into a cooperative marketing association or not, or whether you are of sufficient importance or sufficient consequence to be representative of the commodity upon which you are proposing to procure a loan from the Public Treasury of the United States."

At the proper time I shall move to strike out the language referred to.

The PRESIDENT pro tempore. The question is on agreeing to the amendment submitted by the Senator from California [Mr. SHORTRIDGE].

The amendment was rejected.

Mr. GLASS. Mr. President, I now move to strike out the language heretofore referred to, beginning in line 16 and ending with the word "commodity," in line 24, on page 24.

The PRESIDENT pro tempore. The amendment of the Senator from Virginia will be stated.

The CHIEF CLERK. On page 24 strike out lines 16 to 24, ending with the word "commodity," in line 24.

Mr. GLASS. Mr. President, the Senator from Montana [Mr. WALSH] calls my attention to the fact that the balance of that paragraph relates to the same subject and should be stricken out. I would like to include that in my amendment.

The PRESIDENT pro tempore. The amendment of the Senator from Virginia, as modified, will be stated.

The CHIEF CLERK. The Senator from Virginia proposes to modify his amendment so as to strike out lines 16 to 24 on page 24 and lines 1 to 4, inclusive, on page 24, as follows:

Whenever in the judgment of the board the producers of any agricultural commodity are not organized into cooperative associations so extensively as to render such cooperative associations representative of the commodity, then the privileges, assistance, and authority available under this act to cooperative associations shall also be available to other associations and corporations producer owned and producer controlled and organized for and actually engaged in the marketing of the agricultural commodity. No such association or corporation shall be held to be producer owned and producer controlled unless owned and controlled by cooperative associations as above defined and/or by individuals engaged as original producers of the agricultural commodity.

Mr. McNARY. Mr. President, just a word. The amendment merely restores the definition of the Capper-Volstead Act, which does not reach all other groups which operate under organizations which are farmer owned and farmer controlled. It will be very much against the wishes of the great farm organizations to have that amendment adopted, and I sincerely hope that it will be voted down.

The PRESIDENT pro tempore. The question is on the amendment proposed by the Senator from Virginia.

Mr. BROOKHART. Mr. President, the farm organizations, of course, may not all agree to this amendment, but the farm organizations themselves have not been very careful in the preparation of their cooperative laws. They have advocated a good many propositions regarding cooperative organizations under laws which were inconsistent with real cooperation. The Senator from Virginia is absolutely correct in saying that this opens up a chance to nullify the main purpose of the bill, which is the encouragement of cooperative organizations and cooperative marketing. I think the definition of who should be included should be enlarged, and if this motion should carry, then a further amendment to include cooperatives organized under the State laws should be made, which would broaden it as far as it ought to be broadened.

Every time we have established cooperatives in this country we have at the same time established something to destroy them. We established the Federal land bank which was to be a cooperative institution, and then we established the joint-stock land bank to oppose the Federal land bank. That has been one of the troubles all along. We have not distinctly followed the ideas expressed by the Senator from Virginia, but this is one of the most important things for the success of the bill, and I trust the amendment may be adopted.

The PRESIDENT pro tempore. The question is on the amendment proposed by the Senator from Virginia.

The amendment was rejected.

Mr. BROOKHART. Mr. President, I offer the amendment which I send to the desk.

The PRESIDENT pro tempore. The amendment will be stated for the information of the Senate.

The CHIEF CLERK. It is proposed to add to section 6 as subsection (h) the following:

(h) In addition to all other appropriations herein provided there is appropriated the further sum of $59,000,000, which shall be paid to the board, and used to pay losses of the stabilization corporations as the board may determine, the above being the amount of profits covered into the Treasury by the wheat corporation.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Iowa.

Mr. BROOKHART. Mr. President, this is the identical item of profit which the Wheat Corporation made and turned into the Treasury of the United States. The wheat growers need this money right now, so far as that is concerned, although the amendment I have offered will not confine the expenditure of the money to wheat, but it would be turned over to the board for use in paying losses which might be incurred by stabilization corporations. The amount proposed by the amendment would operate this institution for a year, and would be of more value in stabilizing agricultural commodities than would any other of the provisions of the bill. Since this profit was put into the Treasury directly from farm products handled by the Government, I think no one can say that the Government should not at least contribute this much money toward defraying the expenses of the operations under the bill. The President himself during the campaign said he had no patience with those who oppose spending a few hundred million dollars for a purpose like this, and this is only about half of a hundred million dollars.

Mr. McNARY. Mr. President, I do not think the situation is sufficiently serious to require discussion, but, of course, this amendment proposes to take out of the Treasury of the United States $59,000,000 in the nature of profits accrued and give it to the board to play with. This bill proceeds upon the theory that the farmer shall receive aid through the processes of orderly marketing and through loans to be repaid to the Treasury. If that does not solve the problem, there is a provision in the bill, known as the debenture plan, that will make the tariff 50 per cent effective. To bring more luggage into the bill is not fair to those who are earnestly desirous of presenting a bill to the other House and to the President which will meet their approval. I sincerely hope that the amendment will be rejected.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Iowa [Mr. BROOKHART].

The amendment was rejected.

Mr. BROOKHART. Mr. President, I offer another amendment.

The PRESIDENT pro tempore. The amendment will be stated for the information of the Senate.

The CHIEF CLERK. At the end of section 6 it is proposed to insert the following subsection:

(g) With the approval of the President of the United States the board is further authorized to acquire facilities by purchase, condemnation, or lease for the purchase, storage, processing, sale, and distribution of farm products in interstate and foreign commerce and to use the funds herein provided for such purpose, and to engage in such purchase and sale.

Mr. BROOKHART. Mr. President, this amendment, if adopted, provided sufficient funds shall be forthcoming, will keep the pledge of the Republican Party to the farmers of the United States.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Iowa [Mr. BROOKHART].

The amendment was rejected.

Mr. TYDINGS. I offer the amendment which I send to the desk.

The PRESIDENT pro tempore. The amendment will be stated for the information of the Senate.

The CHIEF CLERK. On page 6, at the end of line 8, it is proposed to insert the following:

If in the opinion of a majority of the members of the board it would be beneficial to agriculture in the disposition of surpluses of agricultural commodities, the board shall have the power to authorize the use of agricultural commodities for the manufacture, transportation, and sale of cereal beverages and light wines, of an alcoholic content not in violation of the eighteenth amendment to the Constitution, the provisions of any existing law to the contrary notwithstanding.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Maryland.

The amendment was rejected.

Mr. WHEELER. Mr. President, I desire to direct the attention of the chairman of the committee to what I think is an oversight on the part of those who drafted the bill. In line 6, in subdivision 3 (c), on page 24, there is provided a penalty of $10,000 or 10 years' imprisonment, or both, for disclosing certain information "in violation of any regulation of the board," regardless of whether or not the person disclosing the information did so knowingly.

The PRESIDENT pro tempore. For the information of the Senator from Montana, the Chair will state that already the bill has been amended in line 10 to provide a fine not exceeding $2,000 and imprisonment for not more than three years.

Mr. WHEELER. What I desire to suggest to the chairman is that the bill be amended in line 6 by inserting between the word "to" and the word "disclose" the word "knowingly," so that the language will read "to knowingly disclose such information."

Mr. McNARY. I am willing to accept that amendment.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Montana.

The amendment was agreed to.

The PRESIDENT pro tempore. The bill is still before the Senate as in Committee of the Whole and open to amendment.

Mr. McNARY. I move that the Senate proceed to the consideration of the bill (H. R. 1) to establish a Federal farm board to promote the effective merchandising of agricultural commodities in interstate and foreign commerce and to place agriculture on a basis of economic equality with other industries.

The motion was agreed to; and the Senate, as in Committee of the Whole, proceeded to the consideration of House bill No. 1.

Mr. McNARY. I now move that all after the enacting clause of the House bill be stricken out and that the text of the Senate bill, as amended, be substituted therefor.

The motion was agreed to.

The PRESIDENT pro tempore. The bill is still before the Senate as in Committee of the Whole and open to amendment.

The bill was reported to the Senate as amended, and the amendment was concurred in.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The PRESIDENT pro tempore. The bill having been read three times, the question is, Shall it pass?

Mr. McNARY. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The absence of a quorum being suggested, the clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Allen	Frazier	La Follette	Simmons
Ashurst	George	McKellar	Smith
Barkley	Gillett	McMaster	Smoot
Bingham	Glass	McNary	Steck
Black	Glenn	Moses	Steiwer
Blaine	Goff	Norbeck	Stephens
Blease	Gould	Norris	Swanson
Borah	Greene	Nye	Thomas, Idaho
Brookhart	Hale	Oddie	Thomas, Okla.
Broussard	Harris	Overman	Townsend
Burton	Harrison	Patterson	Trammell
Capper	Hastings	Phipps	Tydings
Caraway	Hatfield	Pine	Tyson
Connally	Hawes	Pittman	Vandenberg
Couzens	Hayden	Ransdell	Wagner
Cutting	Hebert	Reed	Walcott
Dale	Heflin	Robinson, Ark.	Walsh, Mass.
Deneen	Howell	Robinson, Ind.	Walsh, Mont.
Dill	Johnson	Sackett	Warren
Edge	Kean	Schall	Waterman
Fess	Keyes	Sheppard	Watson
Fletcher	King	Shortridge	Wheeler

The VICE PRESIDENT. Eighty-eight Senators having answered to their names, a quorum is present. The question is, Shall the bill pass?

Mr. McKELLAR. On that I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. KING (when his name was called). Upon this question I have a pair with the junior Senator from Wyoming [Mr. KENDRICK], who is ill in the hospital. If I were at liberty to vote, I should vote "nay." If the Senator from Wyoming were present and voting, he would vote "yea."

Mr. REED (when his name was called). I have a general pair with the Senator from New Mexico [Mr. BRATTON]. I transfer that pair to the Senator from Rhode Island [Mr. METCALF] and will vote. I vote "nay."

Mr. SCHALL (when Mr. SHIPSTEAD's name was called). My colleague [Mr. SHIPSTEAD] is still ill and confined to the hospital. If he were present, he would vote "yea."

Mr. SWANSON (when his name was called). I have a general pair with the senior Senator from Washington [Mr. JONES]. If he were present, he would vote the same way that I expect to vote. A special arrangement has been made for his pair, and therefore I am at liberty to vote. I vote "yea."

The roll call was concluded.

Mr. DILL. I desire to announce that my colleague [Mr. JONES] is absent on account of illness. If he were present, he would vote "yea."

Mr. WAGNER. I desire to announce the unavoidable absence of my colleague [Mr. COPELAND].

Mr. FESS. On this question the Senator from Washington [Mr. JONES] is paired with the Senator from Maryland [Mr. GOLDSBOROUGH]. If present, the Senator from Washington, who is absent on account of illness, would vote "yea" and the Senator from Maryland would vote "nay."

The result was announced—yeas 54, nays 33, as follows:

YEAS—54

Ashurst	Caraway	Harris	McMaster
Barkley	Connally	Harrison	McNary
Black	Couzens	Hawes	Norbeck
Blaine	Cutting	Hayden	Norris
Blease	Dill	Heflin	Nye
Borah	Fletcher	Howell	Overman
Brookhart	Frazier	Johnson	Pine
Broussard	George	La Follette	Pittman
Capper	Glass	McKellar	Ransdell
Robinson, Ark.	Smith	Thomas, Idaho	Vandenberg
Schall	Steck	Thomas, Okla.	Walsh, Mont.
Sheppard	Steiwer	Trammell	Wheeler
Shortridge	Stephens	Tydings	
Simmons	Swanson	Tyson	

NAYS—33

Allen	Goff	Moses	Wagner
Bingham	Gould	Oddie	Walcott
Burton	Greene	Patterson	Walsh, Mass.
Dale	Hale	Phipps	Warren
Deneen	Hastings	Reed	Waterman
Edge	Hatfield	Robinson, Ind.	Watson
Fess	Hebert	Sackett	
Gillett	Kean	Smoot	
Glenn	Keyes	Townsend	

NOT VOTING—8

Bratton	Goldsborough	Kendrick	Metcalf
Copeland	Jones	King	Shipstead

So the bill was passed.

The VICE PRESIDENT. Without objection, the Senate bill will be indefinitely postponed.

Mr. McNARY. Mr. President, I move that the Senate insist upon its amendment and ask for a conference with the House of Representatives upon the amendment, and that the Chair appoint the conferees upon the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. McNARY, Mr. NORRIS, Mr. CAPPER, Mr. SMITH, and Mr. RANSDELL conferees on the part of the Senate.

DECENNIAL CENSUS AND APPORTIONMENT OF REPRESENTATIVES

Mr. JOHNSON. Mr. President, I move that the Senate proceed to the consideration of Senate bill 312, Order of Business No. 3, to provide for the fifteenth and subsequent decennial censuses and to provide for apportionment of Representatives in Congress.

Mr. HARRISON. Mr. President——

The VICE PRESIDENT. Does the Senator from California yield to the Senator from Mississippi?

Mr. JOHNSON. I yield.

Mr. HARRISON. I hope the Senator will not insist on his motion this evening. We have had a busy day.

Mr. JOHNSON. Immediately after it is acted upon we expect to adjourn.

Mr. HARRISON. I understand; but it is immediately before we take action that I desire to say something. I do not want to impose on the Senate this evening. There will be no disposition to delay the matter, may I say to the Senator. I thought the Senator could make his motion just as well tomorrow.

Mr. JOHNSON. I am sorry, Mr. President, but I am making this motion in behalf of the Senator from Washington [Mr. JONES], the chairman of the committee, who is detained at his home by illness, and to whom I have made the promise that the motion should be made. I must insist upon the motion.

Mr. HARRISON. Mr. President, I am quite sure that we will get along better if we do not try to show too much haste about the matter; and the Senator will lose nothing at all by making his motion to-morrow, and taking an adjournment at this time.

Mr. JOHNSON. So far as the Senator from Mississippi is concerned, personally I will give him every opportunity to say anything he desires, with all the time at his disposal that he may wish; but this is an appropriate motion—merely that the bill may be placed before the Senate, and immediately thereafter we will adjourn.

Mr. HARRISON. May I ask the Senator if he can not make that motion and let the Senate adjourn and let the motion be pending, and then to-morrow we can dispose of the motion?

Mr. JOHNSON. Why not dispose of it now?

Mr. HARRISON. If we dispose of the motion now I shall have to proceed to say a few things that I have in my mind with reference to the matter. I do not want to delay the Senate at this time in the evening. I hope the Senator can let his motion be pending, and we will vote on it the first thing when we reconvene to-morrow.

The VICE PRESIDENT. The Chair will suggest that if the Senate adjourns, the motion will be lost.

Mr. HARRISON. Or recess, either.

Mr. JOHNSON. Do I understand that the Senator agrees that if we recess, when we reconvene at 12 o'clock to-morrow we may immediately vote upon the motion to take up the bill?

Mr. HARRISON. I want to say a few things before the motion is voted upon. I trust there is not going to be undue haste.

Mr. JOHNSON. Then, Mr. President, I must insist upon the motion.

Mr. HARRISON. I make the point of no quorum.

Mr. ROBINSON of Arkansas. Mr. President, I ask the Senator to withhold that point for a moment.

Mr. HARRISON. I withhold it.

Mr. ROBINSON of Arkansas obtained the floor.

Mr. WATSON. Mr. President——

The VICE PRESIDENT. The Senator from Arkansas has the floor.

Mr. ROBINSON of Arkansas. I just wanted to suggest probably the same thing that the Senator from Indiana [Mr. WATSON] rose to suggest; and that is, that if the motion is pending, and the Senate takes a recess, we will proceed to the consideration of that motion without intervening business except by unanimous consent to-morrow——

Mr. WATSON. That is right.

Mr. ROBINSON of Arkansas. And avoid a debate this evening on the subject. In other words, no motion to proceed to the consideration of another bill or another subject matter can be entertained until the motion made by the Senator from California is disposed of. I think the request of the Senator from Mississippi is a reasonable one, in view of that, and I am sure the Senator from Indiana agrees with me.

Mr. JOHNSON. Then, with the understanding of the pendency of the motion, I will ask that we take a recess at this time until 12 o'clock to-morrow.

Mr. ROBINSON of Arkansas. That is all right.

RECESS

Mr. WATSON. Mr. President, I move that the Senate take a recess until 12 o'clock to-morrow.

The motion was agreed to; and (at 5 o'clock and 40 minutes p. m.) the Senate took a recess until to-morrow, Wednesday, May 15, 1929, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES

TUESDAY, *May 14, 1929*

The House met at 12 o'clock noon and was called to order by the Speaker.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Eternal God, our Father, who didst create and give life to all earth's children, we pray that the tides of our lives may ever be true to that divine love which flows from beneath the heavenly shadows. Let our minds just now resign to the solemn prayer of gratitude; answer it according to Thy wisdom. May there fall upon our voice the silence of the voice which is sovereign. O Thou, who givest expression to life's mysteries, we breathe our thanksgiving and homage to Thee; make our offering meet for Thy acceptance. Cleanse our hearts, purify our lips, and take compassion upon us. Give us clear, wise insight into all seemly just and generous questions. In all the circumstances of this day Thy quickening grace supply. May we live to uplift, help, and bless our fellow men and glorify our Father in Heaven. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that pursuant to the provisions of Senate Resolution 56, the Vice President had appointed as members of the committee on the part of the Senate to attend the funeral of the late Representative JOHN J. CASEY, of Pennsylvania, the following Senators, namely: Mr. REED, Mr. KEAN, Mr. TOWNSEND, Mr. BARKLEY, Mr. THOMAS of Oklahoma, and Mr. CONNALLY.

SWEARING IN OF A MEMBER

The SPEAKER. The Chair understands the gentleman from South Carolina [Mr. McSWAIN] desires to be sworn in?

Mr. McSWAIN. Yes.

Mr. McSWAIN appeared before the bar of the House and took the oath of office.

COMMISSION OF INQUIRY AND CONCILIATION, BOLIVIA AND PARAGUAY

The SPEAKER. The Chair lays before the House the following communication, which the Clerk will report.

The Clerk read as follows:

COMMISSION OF INQUIRY AND CONCILIATION,
BOLIVIA AND PARAGUAY,
Washington, D. C., May 13, 1929.

The Hon. NICHOLAS LONGWORTH,
Speaker of the House of Representatives.

SIR: The Commission of Inquiry and Conciliation, Bolivia and Paraguay, in its meeting of this date unanimously adopted the resolution which I hereby have the honor of transmitting to you. The resolution reads:

"In acknowledgment of the kind welcome which the Senate and the House of Representatives of the United States of America, their presiding officers and membership, were good enough to tender to the commission during its visit to those legislative bodies May 7, 1929,

"The Commission of Inquiry and Conciliation, Bolivia and Paraguay, resolves:

"To express its respectful and sincere appreciation to the Senate and House of Representatives of the United States of America, whose interest in the peace and good will of the American nations was again evidenced by the cordial welcome which they tendered to the commission; and

"To ask the chairman of the commission to transmit this resolution to the Vice President of the United States and to the Speaker, with the request that they be good enough to convey this expression of thanks to the members of the respective legislative bodies."

I have the honor to be, sir, your obedient servant,

FRANK McCOY,
Chairman of the Commission.

THE LA FOLLETTE STATUE IN STATUARY HALL

Mr. FREAR rose.

The SPEAKER. The gentleman from Wisconsin [Mr. FREAR] is recognized.

Mr. FREAR. Mr. Speaker, I ask unanimous consent to take from the Speaker's table Senate Concurrent Resolution No. 4, relating to the acceptance of the La Follette statue.

The SPEAKER. The gentleman from Wisconsin asks unanimous consent for the present consideration of the resolution which the Clerk will report.

The Clerk read as follows:

Senate Concurrent Resolution 4

Resolved by the Senate (the House of Representatives concurring), That the thanks of Congress are presented to the people of Wisconsin for the statue of Robert M. La Follette, her distinguished son, whose name is so honorably identified with the history of the State and of the United States.

Resolved, That this work of art by Jo Davidson is accepted in the name of the Nation and assigned a place in the old Hall of the House of Representatives already set aside by act of Congress for statues of eminent citizens, and that a copy of this resolution suitably engrossed and duly authenticated be transmitted to the Governor of the State of Wisconsin.

Mr. SNELL. Mr. Speaker, I suppose this is the usual resolution that is passed every time a statue is installed in Statuary Hall?

The SPEAKER. The Chair so understands it. The question is on agreeing to the resolution.

The resolution was agreed to.

CHAIN STORES

Mr. CELLER. Mr. Speaker, I ask unanimous consent to insert in the RECORD a speech made by myself before the Economic Club of New York on the subject of chain stores.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. CELLER. Mr. Speaker, under leave granted me to extend my remarks in the RECORD, I insert an address made by myself before the Economic Club of New York on the subject of chain stores.

The address is as follows:

Mr. Chairman, ladies, and gentlemen, indeed it must take some courage and temerity for any Member of the House or the Senate to appear before any public audience, particularly if we can believe all the harsh things that are said about Members of either House, and particularly since we are usually the butts of jokes and since we are the subject of Ring Lardner stories and articles by Will Rogers. [Laughter.]

I remember when I first went down to Washington some years ago I asked a little girl, I said, "Why is it down in Washington they letter the Streets A Street, B Street, and so on down the alphabet?" She said, "Don't you know?" I said, "No." She said, "That is the only way we can teach these Congressmen the alphabet." [Laughter.]

We in the lower House probably do not suffer as much as those in the upper House. I remember hearing a tale that emanated from the United States District Court for the Southern District of New York, where one of the judges was presiding in the naturalization part, and Hans Schmidt was up for naturalization. The judge leaned over and said, "Hans, who makes the laws?" and Hans said, "Well, Judge, I think it is the Congress." "That is right," said the judge. "How many Houses are there in the Congress?" and Hans Schmidt did not know, and the judge, seeking to help him, said, "You know there is a Senate." "Oh, yes; I have heard of the Senate." "And what is the lower House?" "Well, Judge, is there anything lower than the Senate?" [Laughter.]

My contribution to the subject to-night under discussion will be a consideration of chain stores, with your kind permission.

I shall confine myself to that phase of "big business" embodied in the chain store and shall propound and try to answer the question, Is the chain store a menace? I can not say it is a menace, nor can I say it is a blessing; it is both a boon and an evil. It is, we must admit, a firmly fixed and generally accepted method of retail distribution. It must be economically sound; otherwise the idea could never have spread so fast and so extensively. It is universally recognized in the United States and is fast taking root in Canada, England, and Europe. Manufacturers have been compelled to recognize chain stores and to cater to them. Financiers are only too anxious to resort to chain stores as a basis for their issues of securities, while the public is buying more and more of its necessities, luxuries, and services from them. In short, the consumer seems well satisfied with the great growth of chains. No matter how one may be inclined to deprecate the chain store, one must face the truth. Facts are more important than opinions. The chain store is here to stay. Despite antichain legislation, chain stores abound everywhere.

Nor has the chain-store movement spent itself. Despite its rapid growth it has not reached by any means the flood tide of its development. Chain stores have a brilliant future, because the greatest opportunity for future retailing rests with them and not with the independent merchant, department stores, or mail-order houses.

Chains have completely revolutionized retail distribution. They are the natural result of the machinery age with its mass production and mass sales. Just as mass production was made necessary by ever-rising manufacturing, machinery, and labor costs, so mass selling by chains seems necessary to bring down ever-increasing retailing costs. The economic tendency is to bring the consumer ever nearer to the producer. This the chain store does to the nth degree. The chain follows this tendency, while the independent retailer and jobber works against it. That is why "big business," as represented by the chain, is gradually dethroning the independent merchant and middleman.

The chain-store idea started in staple quick-selling lines; for example, the Great Atlantic & Pacific Tea Co., with groceries; the United Cigar Stores Co., with tobacco; and F. W. Woolworth & Co., with notions. The idea, however, quickly spread to shoes, sporting goods, restaurants, hats, laundries, furniture, automobile accessories, tailoring, loan offices, florists; now valet services, banking, beauty parlors have been orientated into chains. No lines seem safe from chain-store attack. Even newspapers, magazines, and trade papers are not immune.

At the present time the independent retailers do about 60 per cent of the country's total retail business. That percentage will in the coming decade diminish rapidly, like snow in the noonday sun. The independent retailer can not longer view with complacency the growth of chains; the tide of chains is rising around him. He must sink or swim, depending upon his seizure of the benefits of mass selling. He must bestir himself and shake off old and hackneyed methods. He must render extraordinary individual service, sharpen his wits, and be on the job every minute. He has the one great advantage which is lacking in the chain; that is, his personal contact with his customers. Dealing with him is not a dealing with absentee owners. Furthermore, in lines where individuality and artistry are involved he need not fear the chain. Only the future can tell whether the efficient independent merchant will survive or perish. He will, however, be greatly benefited when he can unite with his fellows into cooperative buying organizations and thus buy and sell as cheaply as the chains.

Retail sales for the year 1928 in the United States were between forty-two and forty-three billions of dollars. I have been unable at this moment to secure figures as to the division of that volume. In 1926, however, department stores did about 16½ per cent of the total of all retail business; chain stores did about 12 per cent; mail order houses 4 per cent; and independent retailers about 63 per cent.

Professor Nystrom, sales specialist and professor of marketing at Columbia University, states that in 1928 chain stores made the greatest gain, and that gain was made at the expense of the independent merchant. He believes that chain stores in 1928 did about 16 per cent of the total retail business. Apparently this 16 per cent will steadily increase during the next few years.

Undoubtedly the chain, therefore, is crowding the retailer. Shall we be concerned about his losses? Are we to shed tears at his discomfiture, if not passing? Is the independent retailer worth while worrying about? He is faced with well-nigh insurmountable difficulties. Shall we refrain from lending him a helping hand, and thus give aid and comfort to those who crowd him?

I think that the independent merchant is worthy of aid. I hold no brief for the incompetent, for the inefficient, for the shiftless, the lazy independent merchant; the sooner the shroud of oblivion envelops him the better. I speak of the honest, competent, fearless, independent merchant. What of his future? He can not hope to compete upon any degree of equality as a grocery man, e. g., with the Roulston, the Bohack, the Reeves, and the Butler grocery chains in New York City—no matter how capable, efficient, ambitious, persevering, and honest he may be.

We no longer see the corner grocery anywhere in New York City. The wooden Indian signs of the retail tobacconists are gone.

And what of the young man in the community desiring to open a store for the retail sale of meats, groceries, or hardware? Go into any one of the new sections of the suburbs of New York, and before even houses are built in goodly numbers the chain stores have already secured footholds. All good locations have been preempted. Such young men dare not rear their heads; they dare not aspire to be owners of their shops, the best that they may hope for is to become a store tender, an order taker, or, at best, a chain-store manager.

It is charged against the chains that it is a system that will make us a Nation of clerks and rob American manhood of opportunity. Mr. Hubert T. Parson, president of F. W. Woolworth Co., has sought to answer that contention in an article appearing in the Chain Store Age, of January, 1928, by saying in part:

"Assuming for the sake of argument that the development of the chain-store system might ultimately wipe out the independent retailer entirely, who shall say that that would be an unmixed calamity? What is there about retailing that makes ownership such an important feature? One doesn't have to own a railroad in order to work out a successful career in the railroad field. You don't have to own a bank to achieve success in the financial field. By far the greater number of successful men in every line of industry and commerce are but employees of the companies with which they are connected, no matter how exalted may be the position they occupy."

I have a high regard for Mr. Parson's ability as an executive and organizer, but must characterize his statement as quite a bit of sophistry. He says, e. g., "You don't have to own a bank to achieve success in the financial field." I know certain excellent officers of merged banks, who, despite years of striving, now as a result of the merger find themselves up a dark alley, placed in intolerable positions; the future is rather dark for them. Their independence is gone—with it all ambition and will to achieve and succeed. I know bank tellers who have done nothing else for 40 years; they can not even call their souls their own. Of course, you do not have to own a bank to achieve success in the financial field, but you must come mighty near to knowing intimately the owner of that bank to have a position of dignity and power and worthwhileness in any chain bank.

Ownership is indeed an important feature in retailing. Personally, I would rather own a bootblack stand than command a high salary under any man's control. We pride ourselves on our independence in thought and in action. That is the cause of our success at democracy. What independence has a man in Kansas City or Kalamazoo whose job depends upon the whim and caprice of an executive sitting in a swivel chair in the Woolworth Building in New York? Chain stores mean absentee control. Absentee control is the very antithesis of democracy. Does it not tend to make men under such control servile, with no will of their own? We had a fine example of the control that owners of great mills and factories exercised over their employees during the last election. Throughout New England and the Middle West, just prior to election, the Saturday pay envelopes exhorted, nay, demanded, that the employees vote for a certain presidential candidate. Doubtless, in every instance, the fear of loss of his job forced the workman to vote as he was bidden. Not much independence in such tactics; not much Americanism in it either. No! Economic subservience rarely permits political or social independence. If I am dependent upon you for my daily bread, you well-nigh own me. I am just a pawn in your hands. Not much independence in that.

With the continuance of chain-store practice all retailing may be finally in the hands of chains, and a goodly portion of the population will then become either serfs or masters.

Jefferson, in visiting France, prior to the revolution, was thoroughly disheartened at the conditions he found there, and said, "In France, one is either the hammer or the anvil." Let us hope that chain stores will not aid in the bringing about of such conditions.

Mr. Justice Brandeis, before he ascended the bench, in speaking of certain abuses of chain stores like "price cutting," of which more anon, said:

"The process of exterminating the small, independent retailer, already hard pressed by capitalistic combinations, mail-order houses, existing chain stores, and the large department stores, would be greatly accelerated by such movement. Already the displacement of the small independent business man by the huge corporation, with its myriads of employees, its absentee ownership, and its financier control, presents a grave danger to our democracy. The social loss is great, and there is no economic gain."

Judge Brandeis said that while he still was a fighting lawyer in Boston. There is still truth in the observation that the small merchant displacement presents a grave danger to democracy.

The question recurs, How can we help the efficient retailer? We can not help him by abusing the chain store. It does no good to whine and squawk about the chain-store menace. Nor is there any sense in indulging in sloppy, sentimental pleas about the vanishing old-fashioned merchant. The cry of predatory interests and octopuslike chain-store trusts avail us nothing. The consumer will continue to purchase at the chain store. If the chain store sells cheaper, gives better service, the consumer has a right to go there despite all pleas. The consumer is hard-

boiled, hard-headed. His pocketbook only counts. His heart is there. The chain store is here to stay, and, what is more, is here to grow stronger. The retail merchant must recognize the changed order and most accommodate himself to it if he can. The world does not stand still. The hands of the clock move forward. History has shown us great changes, where large groups of people have suffered great economic losses, where large groups have been thrown out of their accustomed economic environment. The industrial revolution is a telling example. The great important inventions and discoveries of the industrial revolution—the spinning jenny of Hargreaves in 1765, Arkwright's spinning frame in 1765, Watt's steam engine in 1774, the wool-combing machines in 1788, and many others—brought many changes, brought many evils, much suffering, much misery, but much good also. So with the chain system. It will continue to cause much good, much evil. It will do no good to rant and rail at it. To complain is as useless as trying to keep out the Atlantic Ocean with a groan. We must be hopeful that the good will outweigh the evil.

But what to do—that is the rub. How help the independent? We can not give him the advantages that the chain stores have, with their closely knit organizations, with their thoroughly systematized operation, with their close supervision of detail, their command of the best merchandising talent, their great buying ability based upon unlimited capital, their study and comprehension of market needs, their choice locations. We can, however, and must give the retailer a chance for his white alley. We must protect him from unlawful practices of his powerful competitors; there are many trade abuses committed by the chains—they must be scotched.

The Federal Trade Commission has evidence before it now charging certain chains with practices in violation of the Federal Trade Commission act and the Sherman antitrust laws. Such chains, if guilty, should not go unwhipped. I have never feared big business, provided big business is lawfully controlled and regulated. I do inveigh against big business when conducted by chain stores dealing in unfair practices. I know that a certain chain system monopolized the supply of fresh fruit and vegetables and other necessities in some of our large eastern seaboard cities. I am aware that at various times a certain chain-store system monopolized and secured control of New England potatoes and nearly all of the products of the Long Island truck farms. After securing a stranglehold on these supplies this system fixed prices to suit themselves. No independent merchant, no matter how efficient he may be, can live and prosper mid such unhealthy atmosphere.

Is there not some element of danger in the fast merging and absorbing process now going on among food chains?

In 1917 well nigh the entire grocery field in Philadelphia was swallowed up by the formation of the American Stores Co., which was a merger of five chains, to wit: Acme Tea Co., 443 stores; Robinson-Crawford, 186 stores; the Bell Co., 214 stores; Childs, 268 stores; and Dunlap & Co., 122 stores; total, 1,223 stores.

In 1927 the National Tea Co. increased by merging all their chains from 800 to 1,200 stores.

Yesterday I read in the paper of a new merger in New York and elsewhere called the National Food Products Corporation, with 1,242 stores, comprising H. C. Bohack Co. (Inc.), Southern Grocery Stores, David Pender Grocery Co.

Is there no danger that the food supply of a city may get under the control of the operators of a large chain? Suppose chains do sell more cheaply and render better service; once a monopoly has set in and competition is gone, then there is danger that prices may be manipulated at will and vast numbers of people would be at the mercy of the chain. This argument may not "click." It is not, however, without the realm of possibility, if not probability. In this connection the investigation of chain stores now proceeding before the Federal Trade Commission is as welcome as the cool wind in the heat of summer. It is well indeed that the Government keep apprised of the situation. It is well, furthermore, for the Government not necessarily to discourage chain stores in their growth, but to promote public opinion in the interests of eliminating abuses and evils.

In this connection I am one of those who believe that it is idle, it is futile, to endeavor to check a sound economic growth, as I believe chain stores to be, by any unsound legislation.

In some 14 different States they have passed or there is pending at the present moment some 16 pieces of antichain legislation, all of it quite unsound, all of it palpably unconstitutional. They seek by a progressive license tax or assessment to legislate chain stores out of business. It can not be done. In several of those States, notably North Carolina, South Carolina, and Maryland, those particular statutes have been declared to be unconstitutional and I am confident that all of those statutes will be declared unconstitutional.

In New York and Pennsylvania the legislature has adopted a statute to the effect that every owner of a drug shop or a pharmacy had to be a licensed pharmacist. As far as corporations were concerned owning drug stores, every member of the corporation had to be a licensed pharmacist. We know, and the Supreme Court very rightfully pionted out, every member of the corporation would mean every stockholder, and the Supreme Court in the recent decision involving the Liggett Drug chain in Philadelphia, very properly held that statute to be unconstitutional.

And the statute, of course, passed by the New York State Legislature likewise fell by the wayside.

It is very interesting, however, to note that Mr. Justice Brandeis and Mr. Justice Holmes entered a dissent to that prevailing opinion in that court. It may be, and I am sure, that Judge Brandeis feels that this legislation was an attempt to curb chain stores, and he still maintains that the great growth of chains has become and is a menace to democracy.

There are other ways by which we can help the independent. We can teach him to cooperate.

I said toward the inception of my remarks that if the independent merchant could cooperate with his fellows, if the butcher could unite with the butcher, if the druggist could unite with the druggist, and the grocery man with the grocery man, and by cooperative buying, buy as cheaply as the chain, they then could defend themselves against chain-store operation. In that way they can meet the competition of the chains upon better ground, upon better terms.

That movement has taken root in various parts of the country. In numerous cities—Omaha, Chicago, Milwaukee, and other western sections—the various retailers in a given line have united and have indulged in association buying. We have noticed that McKesson & Robbins, a great drug establishment in this city, have sponsored a chain; they have united with a number of other jobbers, and I understand that over 50,000 retail druggists who are involved in that great and mighty combination will soon commence to operate. It will be most interesting to watch the development of that chain.

I am informed that in Chicago the Service Stores Grocery Association, with 150 retailers and 4 jobbers, are doing a considerable amount of business, and those who are members of that association feel that they are now able to compete quite successfully with those who are in the chains. If we could encourage the retailer to develop the association idea, unite with his fellows, and thus become armed with the elements that will enable him to fight the chain store, we will do well.

I recall once being up at the Kingsbridge Hospital, the veterans' hospital. There was a great number of demented, poor, benighted veterans, most of them shell shocked as a result of their harrowing experiences during the war, and I went into a large room filled with these poor fellows under control of an undersized attendant. Many of the veterans had weapons; some had hammers and some had chisels, and they were applying themselves in learning various trades.

I said to this undersized attendant, "Are you not afraid that these demented men may get together and they may in some way organize and attack you? You are unarmed and they have these blunt instruments in their hands." He said, "Never a fear. Crazy men never unite on anything."

I would say to the independent retailers throughout the country that they must indeed be crazy if they do not unite to protect themselves for the future.

There is one other matter or item that I would like to detail to you whereby the retailers again might be benefited, and that benefit must come from Washington. I am not one of those who necessarily believes that the Government must interfere at every step and at every turn to help the weak business man. I am not necessarily one who believes in the doctrine of paternalism, but there is something more involved than the mere theories. There are also involved the protection of the wholesaler and manufacturer, and the protection of them by legitimate means. The retailer, the manufacturer, the distributor, the public all need governmental protection against predatory price cutting.

Price cutting is the bane of the manufacturers' existence as it is the bane of the retailing independent's existence. There is now pending in the House what is known as the Kelly-Capper bill, the retail price maintenance bill introduced in the House by Congressman KELLY, of Pennsylvania, and Senator CAPPER, of Kansas, has introduced the measure in the Senate. That bill has been pending in the Congress for many, many years.

During the last session the bill was reported out of the House Interstate and Foreign Commerce Committee. It had been bottled up in that committee for years. It was resting peacefully in that committee. For the first time it has reached the desk of the Speaker. It may be passed at the next session.

There is a great deal of sentiment for that bill in the House. That bill just provides for this, that the manufacturer of any product or article, any branded trade-marked article, article that is usually nationally advertised—the bill does not refer to the unbranded or untrademarked article—may couple its sale with an agreement whereby he can say to the vendee, the man to whom he sells the goods, that he shall not sell that article below a minimum price.

In every country that right is given to the manufacturer to control the retail price of an article if, of course, it is branded like our nationally advertised brands are branded and trade-marked. In England, Germany, France, and Spain that right is always open to the manufacturer.

In this country, because of the Federal Trade Commission act, and because of the antitrust laws, and there are other acts involving unfair competition, that right is foreclosed to the manufacturer.

What has been the result? You know and I know that oftentimes chain stores and other establishments will adopt what is known as the policy of "lost leader." They get these advertised brands and they will advertise them in the press and elsewhere as being sold in their establishments at prices below that at which they can be purchased elsewhere. It is a very pernicious practice to my mind, and it is a practice that is mostly indulged in by chain stores.

The United States Chamber of Commerce and almost every chamber of commerce throughout the United States is against such price cutting, and they are all sponsoring this piece of legislation because they feel that unless this legislation is adopted manufacturers will be at the mercy of the chain stores.

It is interesting to note just how price cutting works in the chain stores. Let me read you a portion of a speech delivered recently at the Waldorf Astoria by William J. Baxter, director of the chain store research bureau, at a meeting of the National Association of Manufacturers.

"To me there isn't any question as to the advisability of any retail store if it can sell some nationally known product at cost to get the crowd. * * * A consumer will go to a grocery store and she is willing to pay 55 cents for steak, whereas it might be sold for 52 or 50 cents elsewhere, if she at the same time can purchase Campbell's soups or some other package goods at cost. * * * Scientific retailing means studying the blind articles in the store and selling them at full prices. But what we call open articles, the ones that the consumer can go from store to store and compare, selling them at low prices."

And along that line let me read to you an advertisement which I culled from the press as emanating from one of the chain stores, as follows:

"Take Campbell's soups: Twenty-one kinds, known from coast to coast. In leading magazines and newspapers they are advertised at 15 cents a can, and worth it, too. Yet our price is only 12 cents a can, 3 cents lower than the advertised price. So on everything else."

Meaning, of course, that if you can buy the advertised brand like Campbell's soup in our store under the advertised price, under the well-known price, you therefore can buy everything else in our store under price.

To my mind, my good friends, that is deceptive advertising; but it is the kind of advertising that is being indulged in by a great many chain-store systems, and that is the kind of unfair competition that efficient independent merchants are constantly facing to their great detriment. They can not live under that kind of competition, and that is why we have so many failures, to my mind, in the industries conducted by independent merchants.

Let me read you a statement of Mr. Justice Holmes in a dissenting opinion of Dr. Miles Medical Co. against John B. Parke & Sons, found in 220 U. S. 373:

"I can not believe that in the long run the public will profit by this court permitting knaves to cut reasonable prices for some ulterior purpose of their own and thus impair, if not destroy, the production and sale of articles which it is assumed to be desirable that the public should get."

Let me read you what John Wanamaker and what Mr. Bloomingdale, of Bloomingdale's department store, says with reference to price cutting. John Wanamaker said:

"I want to keep away from the store that tries to catch me with that kind of a fishhook. If they lose on one thing they will put it on something you don't know of. These are things purchasers don't know anything about."

And Mr. Bloomingdale has this to say about it:

"Such price cutting is an evil—it is an abuse—it is in a class with false advertising. It gives no advantage to the public because the loss is made up on other goods. While some stores submit to the practice because it is so prevalent, others make it their chief policy and use it to mislead the public into the belief that by cutting the price on a few trade-marked articles, the same policy prevails on all other merchandise in the store."

It has been said that the Congress would not dare to pass the Kelly-Capper bill, would not dare to take the so-called bargains from the public. The Congress and various other legislatures have in a measure often taken bargains from the public. We have adopted a law some time ago, many years ago, that there can be no price cutting on stamps issued by the Federal Government. The New York Legislature and other legislatures of other States have taken away from the unscrupulous insurance agent the right to sell insurance at a cut-rate price. We have taken away the right to do any rebating in insurance. Furthermore, many years ago we took away from the ticket scalpers the right and the privilege to do any cutting on the price of railroad tickets.

I am not afraid to vote for the Kelly-Capper bill, and I assure you, my good friends, once that bill gets on the floor of the House it is going to pass. [Applause.]

Up to this time no opportunity was given to the Members of the House to pass the Kelly-Capper bill. It was bottled up in that Interstate and Foreign Commerce Committee and there it was sealed. It never saw the light of day. I will vote for that bill. [Applause.] I am going to vote for it because it will help in some measure and arm the retailer in his struggle for existence against chain stores.

It has been said that you probably might prevent the public from getting the advantages of cheaper goods. That is not true. Specifically this bill provides that only where there is open competition, actual or potential, shall there be given the right to the manufacturer to make such a contract of price maintenance with his vendee, giving him the right to control the retail price of his commodity.

In conclusion let me say this, and so that I might not be misquoted I have taken the trouble to again write a portion of my speech. The chain is economically sound and is here to stay. It is a good not unmixed with an evil. It shuts off initiative, especially in our youth. Therefore, every reasonable aid should be given to the retailing independent. Since chains are economically sound you can not curb them by any unsound laws. Only the abuses should be attacked. Monopoly of food supply should particularly be guarded against and made impossible. Manufacturers should be permitted to maintain resale prices and then price cutting would mainly disappear. Then the independent could operate upon a fairer basis with the chain. Finally, independents should be urged to cooperate and thus secure the advantages of mass buying and selling. Chains should be permitted to expand naturally and without any undue restraint. [Applause.]

However, be advised, there is no perfect answer to this perplexing problem. I am not omniscient. I have no "cure all" up my sleeve. The problem is too new. Only time will bring solution.

THE TARIFF BILL

Mr. HAWLEY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 2667, the readjusted tariff bill.

The motion was agreed to.

The SPEAKER. The gentleman from New York, Mr. SNELL, will please take the chair.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 2667, with Mr. SNELL in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 2667, which the Clerk will report by title.

The Clerk read as follows:

A bill (H. R. 2667) to provide revenue, to regulate commerce with foreign countries, to encourage the industries of the United States, to protect American labor, and for other purposes.

Mr. HAWLEY. Mr. Chairman, how does the time stand?

The CHAIRMAN. The gentleman from Oregon has used 24 minutes more than the gentleman from Texas [Mr. GARNER].

Mr. GARNER. Mr. Chairman, I yield 30 minutes to the gentleman from Mississippi [Mr. COLLIER].

The CHAIRMAN. The gentleman from Mississippi is recognized for 30 minutes.

Mr. COLLIER. Mr. Chairman and ladies and gentlemen of the House, before I enter into a discussion of the merits or demerits of this bill I want to commend most sincerely and genuinely congratulate the chairman of the committee, the gentleman from Oregon [Mr. HAWLEY]. Whether this bill meets with a favorable or unfavorable reception, the name of HAWLEY is now going to take its place alongside of McKinley, Wilson, Dingley, Payne, Underwood, Fordney, and other leaders in the framing of tariff bills, and it will be indissolubly connected with the tariff history of the United States. I believe I voice the sentiment of those on both sides of the Chamber when I say that during the 16 years I have been on that committee never were the hearings conducted in a more businesslike manner than they were under the gentleman from Oregon. We had nearly twelve hundred witnesses before us, and there was much repetition. Nearly all of us became fatigued and impatient at these repetitions and some of us showed that we were, but if the chairman did it could never have been noticed for he was courteous to every one of them, and at the conclusion of the statement thanked each witness for the information received.

Now, while I hand him this nosegay of compliments, I want to add another rose before I give him the thorns that unfortunately must accompany every rose. I want to thank him for the patience and forbearance he has shown me. A correspondent on the Baltimore Sun, Mr. Kent, I believe it was, stated that the gentleman from Oregon was a large, stolid man with a cold eye. If that be true, he never once turned that cold eye on me but at all times treated me with the utmost courtesy and consideration.

It is true, however, that on one occasion a Member of Congress insisted, when we still had about 20 more witnesses to be heard, to tell a long story. It was late in the afternoon

and we were trying as best we could to avoid another night session. The Member insisted, and the chairman afterwards very properly fined him $5 for telling that story, which had delighted each and every one of us years ago in our childhood days. [Laughter.]

Now, they tell us, my friends, that this bill carries out the pledges and the promises of both the great political parties of this country; that the country is now committed to protection, and they cite the two last elections as convincing proof. Our leader, Mr. GARNER, in the speech he made the other day, cited the two last elections which have occurred since the passage of the Fordney bill. I want to say this about the speech that Mr. GARNER made several days ago: The gentleman from Texas during the 26 years he has been a Member of this House has made many able and many great speeches, but I believe I voice the sentiment of everyone on this side and I think I voice the sentiment of everyone on that side when I say that when he made his speech answering the chairman of the committee the other day that JACK GARNER made the best speech he has ever made in this House. [Applause.] They cited those elections, although most of us know that very few of those who voted in the last November election either for or against Governor Smith or President Hoover were actuated very much by economic problems. But whether that be true or not, my friends, if the country is committed to protection I will never believe that it is committed to protection such as has been presented in this bill.

The Prince Rupert of the Republican Party—and the reason I call him that is because they say that in the time of Cromwell, Prince Rupert, the daring cavalry leader of King Charles, would stand by and whenever he could catch an unwary Ironside he would swoop down on him; and the gentleman from New York, Doctor CROWTHER, in the course of this debate has been swooping down on many unsuspecting Members of the minority. The Prince Rupert of his party called on us to tell him about the Raskob telegram. He wanted to know who signed it and who did not. The gentleman was standing right in front of me, when I was sitting where the gentleman from Missouri [Mr. COCHRAN] is now sitting; not over 3 feet from him, and he glared at me and challenged me to hold up my right arm and tell him whether I had answered the Raskob telegram, when he knew that I could not lift my right arm, for it was in a sling. [Laughter and applause.] The gentleman from Texas [Mr. GARNER], according to the gentleman from New York, has issued many challenges, and the gentleman from New York, Prince Rupert, in his speech the other day told him he was going to do some challenging. He issued five challenges in about five minutes. As these challenges seemed to be harmless and I have not seen where either the gentleman from Texas or the gentleman from New York got hurt by reason of any of them, I am going to issue a challenge. I answered the Raskob telegram, and I challenge any Member of this House and any thinking man or woman in America to point out and show any resemblance or connection of any matter in the Raskob telegram with this tariff monstrosity that you yourselves can not agree upon. [Applause.]

Now, my friends, it seems useless to make a speech against this bill after so many good speeches have been made against it, but you know how it is; I have been studying this question for a long time. I have got a whole lot of tariff information in my system, and some of it has just got to come out. [Laughter and applause.] There have been many good speeches made against this bill. The gentleman from Texas [Mr. GARNER] made a great speech against the bill; the gentleman from Illinois [Mr. RAINEY] made a great speech against the bill; the gentleman from Tennessee [Mr. HULL] made a great speech against the bill; and the gentleman from Oklahoma [Mr. MCKEOWN] and a great many others made great speeches against this bill. Comparisons are odious, and it may not be proper to say who made the best and the most effective speech against this bill, but I think one speech denouncing this bill was so outstanding that it should be mentioned. I believe in giving honor, merit, and credit where honor, merit, and credit are due.

There was one speech that was so outstanding against this bill and was so much the best speech that was made against it that gave us so many reasons why we should vote against it that I think it ought to be mentioned. Now, the gentleman from Texas was not protesting so much against the rates though he thought they were sectional, as against the administrative features of the bill. The gentleman from Illinois [Mr. RAINEY] and the gentleman from Tennessee [Mr. HULL] belong to another political school of thought and they were opposed to the general protective trend of the bill. The gentleman from Oklahoma and many others who made good speeches against it were opposed to different features here and there, but the man who stood upon this floor and made the most effective speech against this bill, the man who was opposed to every section in it and who was dissatisfied even with all those schedules he wrote himself, was Prince Rupert, the Republican gentleman from New York Doctor CROWTHER. [Laughter.] He told us about Democratic inconsistency, called us a free-trade party, and all of you talk about the Democratic Party as being a free-trade party. The gentleman from New York looked over at us and said what a great change had come over the spirit of the free-trade party. Oh, my friends, if my good friend, Doctor CROWTHER, from New York, could just see through the smoke of the tariff-swollen industries in his district and read the pages of American history he would find that during the days of those great Democratic Presidents, Madison and Monroe, when our industries were in real peril, tariff laws with a rate of 15 per cent were written by those administrations which saved American industry, at a time when it was in its greatest need. Was the Wilson bill a free trade bill? We had control of every department of the Federal Government for eight years. Can anyone say that the Underwood bill was a free trade bill? Then why this continual harping upon Democratic free trade? Talk about Democratic inconsistency. If we want to go back to ancient history, we could find in the various Republican platforms some Republican inconsistency and Republican deception. Consistency may be a jewel but you can not find it on your side of the House.

A great majority of the members of the Republican Party have often practiced deception in relation to the tariff.

They deceived the people when they told them this tariff was only intended to encourage an infant industry. They deceived the people when they told them that it was intended to create and establish new manufactories. They deceived the people when they told them that this tax was levied solely in the interest of competition. They deceived the people when they told them that the foreigner alone paid this tax. They deceived the workingmen with the promise of higher wages. They deceived the people who trusted them with the promise of an honest tariff revision. In all their guilty life they have been true only to the protected interests which have kept them in power. With their eyes fixed upon privilege and special favoritism as guiding stars it has been their united and determined effort, someway, somehow, and all the time to plunge their greedy hands up to the armpits into the pockets of the American people and robbing them of the fruits of their labor and their toil, convert them to the use and benefit of their tariff-swollen beneficiaries. They have been true only to their sacred promise to guarantee a profit to American manufacturers.

Every trust and manufacturing establishment, no matter how stupendous its operations, no matter how gigantic its capital and profitable its business, no matter how opulent its wealth and varied its resources, was guaranteed a profit and insured against loss by the Government itself, and the only premium such insurance had to bear was a campaign contribution to the "Grand Old Party."

There is a rate of 23 cents a square foot on mirrors, 2½ cents a pound on window panes, and all for the benefit of that little infant industry, the Pittsburgh Plate Glass Co.

Many agricultural articles made from Pennsylvania steel are taken from the free list and outrageous taxes placed upon them. Listen to this, my friends, and laugh with me:

Pig iron, made in Pennsylvania, is raised 50 per cent; articles made by the Pittsburgh Plate Glass Co. are substantially increased; and then we read in the newspapers where the Pennsylvania delegation is caucusing whether or not they are going to vote for the bill. [Laughter.]

Why, Pennsylvania gets more out of this bill than all the States south of the Ohio and west of the Mississippi River will get, and yet the statement is seriously made they are caucusing as to whether or not they are going to vote for the bill.

Mr. BACHARACH. Will the gentleman yield?

Mr. COLLIER. In one second. They are caucusing to see whether there is any way of holding in some of the indefensible rates that have been written into this proposed law.

I will always yield to my good friend on the committee. He yielded to me very cheerfully, and I love to yield to him. It is a great pleasure, Brother BACHARACH.

Mr. BACHARACH. The gentleman recalls that the Underwood bill was passed in 1913, and the gentleman will also recall that shortly after that bill was passed industry in this country was practically at a standstill and four or five million people were out of work by reason of the low tariff rates in the Underwood bill.

Mr. COLLIER. Yes; I have heard that.

Mr. BACHARACH. You have heard that before?

Mr. COLLIER. Yes; I have heard you fellows over there say it.

Mr. BACHARACH. I did not know that. I thought I was giving the gentleman information.

Mr. COLLIER. There is only one answer to that. I am not going to act like the chairman whenever they asked him a question. He said, "You did not make out your case." I am not going to answer the gentleman in the same way. I will say that the facts he has stated that four million, or was it hundred thousands——

Mr. BACHARACH. No; millions.

Mr. COLLIER. That four millions were out of work—the way I am going to answer that is by the one statement—it just is not true.

Mr. BACHARACH. May I say to the gentleman——

Mr. COLLIER. Now, I want to ask the gentleman a question right here. Is it not a fact that under the high rates of the Payne-Aldrich bill in the city of Pittsburgh they had to issue bonds to feed whom? The unemployed. No; to eke out the wages of the heads of the families who were working in the most highly protected industries in the United States. Does the gentleman recall that?

Mr. BACHARACH. I do not recall that.

Mr. COLLIER. I thought the gentleman had forgotten that.

Mr. BACHARACH. But I do recall that under the Underwood bill in my district there was practically not a single industry working and we had people going around getting soup in pails from former employers.

Mr. COLLIER. I want to say to the gentleman, he knows that is not fair, talking about his district in that way, because when I asked him yesterday why it was that he took hoes and garden rakes and hay rakes and pitchforks off of the free list for the benefit of the farmers living in Atlantic City, he said, "I have got the greatest farming district in the country. We had $25,000,000 worth of farm products and my district is a bigger farming district than the district of the gentleman from Mississippi." If you are going to talk to me about manufacturing, let some manufacturer, Mr. BACHARACH, get up and answer and not another one of the farmers, because we farmers do not know about those things. [Laughter and applause.]

Mr. BACHARACH. I think I represent both the manufacturers and the farmers and I want to tell my good friend something else.

Mr. COLLIER. And I will say this for the gentleman, he represents them all well, too.

Mr. BACHARACH. And, incidentally, I try to represent everybody who should be interested in the tariff, not alone the manufacturers, but I am trying to represent the persons who use things that are manufactured. I try to represent the agricultural interests, the same as the gentleman does to the best of his ability.

Mr. COLLIER. And I repeat with pleasure that I believe the gentleman is representing them all very well.

Mr. BACHARACH. That is fine, and let me tell the gentleman this. This is absolutely the truth——

Mr. COLLIER. If Mr. BACHARACH is going to tell the truth, I am here to listen to it. Go on, Mr. BACHARACH.

Mr. BACHARACH. I am always glad when my Democratic friends are willing to listen to the truth, and I am going to tell you that in 1914 the industries of the East were absolutely at a standstill until the great World War broke out, and it was only by reason of the Great War that your Underwood bill was saved, and that is the reason the country insisted——

Mr. COLLIER. Imitation is the sincerest form of flattery. I have flattered my chairman already and I am going to flatter him still further my adopting his plan and say to the gentleman from New Jersey, notwithstanding his beautiful remarks, "You have not made out your case." [Laughter and applause.]

Mr. Chairman, I believe the country is somewhat interested in our foreign trade. Last October I was in the beautiful State of North Dakota in a vain and futile effort to make the world safe for Democracy. [Laughter.] I went through the beautiful Red River Valley, which is equaled and surpassed only by the wonderfully fertile lands of our Mississippi Delta, whose alluvial soil has so often been characterized as more fertile than the far-famed valley of the Nile. I saw those immense steel plows going through the ground plowing an acre in a few moments, and I was told I was in the greatest wheat section of America. They were much dissatisfied, they were dissatisfied with conditions because wheat was not selling for the cost of its production. They also told me that Canadian wheat was selling for 14 cents a bushel more than our wheat.

I said to them, "Why is it, my friends, that Canada, within 10 or 15 miles of where I am standing, is selling wheat at 14 cents a bushel more than American wheat. We have got a tariff of 42 cents on wheat. What is the tariff on wheat in Canada?"

Is it 55 cents or 60 cents? What is the tariff on Canadian wheat? They told me that there is no tariff on wheat in Canada. Canada has not any tariff at all on wheat. I talked to some men who had, as far as I know, the largest potato patches in the world. Hundreds of acres, where they raised wonderful Irish potatoes. There is a tariff of nearly 25 cents a bushel on potatoes. Canada was selling her potatoes for 10 and 15 cents a bushel more than we were. I asked what the tariff was in Canada on potatoes and I was again told that Canada had no tariff on that article of food. Yet that country was selling them for higher prices than we could get, and one man told me that he sold his potatoes for a price actually less than the amount of the tariff.

I came to this conclusion, and that is what I believe the Democratic Party stands for. While we may believe in a reasonable amount of protection, I came to this conclusion from an economic standpoint, that as long as we in the United States are raising hundreds of millions of bushels of wheat more than the American people can consume, millions of bushels of other cereals more than can be used at home, while we are raising many more million bales of cotton than can be utilized here, while even in protected New England they are curtailing their production, scrapping part of their machinery, cutting down work to only four or five days in the week because they are producing more manufactured articles than the American people need or will buy; as long as these conditions exist I believe that it is better for us to increase our foreign trade and seek a foreign market so that all our people can be at work, so the factories can be open six days in the week instead of four; it is better to do this than to build still higher the protective tariff wall which now surrounds the United States. [Applause.]

Mr. DENISON. Will the gentleman yield?

Mr. COLLIER. There is nothing that would give me more pleasure than to yield to my friend from Illinois.

Mr. DENISON. May I ask the gentleman if he is in favor of a protective duty on long-staple cotton?

Mr. COLLIER. I would vote for a duty on long-staple cotton, although I have never done it before. I stand by my party platform and always have done so. When it advocates equaling the cost of production here with that abroad, I stand by it. I want to say to you that it is a shame that when the gentleman from my State, Mr. WHITTINGTON, and the gentleman from Arizona, Mr. DOUGLAS, and the gentleman from California, Mr. SWING, made out as good a case as they did, according to your own theory of protection—it was a shame you did not put a tariff on long-staple cotton. [Applause.]

Mr. DENISON. I was going to say that I thought the gentleman from Mississippi made a splendid argument, and I was wondering if my friend from Mississippi who is now speaking indorsed the speech made by his colleague.

Mr. COLLIER. I will vote for a tariff on long-staple cotton. I will vote for it on the theory that there are 300,000 to 500,000 bales of Egyptian cotton brought here in actual competition with the long staple. I would not vote for a tariff on short-staple cotton of which the majority of cotton raised in my district consists.

Mr. DENISON. The raising of cotton is not an infant industry.

Mr. COLLIER. No; it is not an infant industry. They raised cotton before Moses was found in the bulrushes. [Laughter.]

Mr. DENISON. Will the gentleman briefly tell the House why he favors a protective tariff on long-staple cotton?

Mr. COLLIER. I thought I just stated that. I would do it on the ground stated in the platform to equalize the difference in what it costs to raise it here and what it costs those people to raise it over yonder. But what I am talking about is the prohibitive rates that you have in this bill—50 cents on pig iron.

Mr. DENISON. If my friend favors that, does he favor a protective tariff on other manufactured products?

Mr. COLLIER. Wherever you can show me that a protective tariff would benefit a farm product or other article—if you can prove to me that the tariff would be beneficial, I would support it.

The gentleman from Illinois [Mr. DENISON] is extending the same invitation to me that the gentleman from New York said I extended to him—will you walk into my parlor, said the spider to the fly. I am willing to walk into the gentleman's parlor.

Mr. DENISON. And, of course, if we should put a protective tariff on long-staple cotton, the gentleman still would not vote for the bill?

Mr. COLLIER. He certainly would not. I certainly would not vote for the bill; but I believe if you are going to make

up this kind of a bill, you ought not to put the benefits of it all up yonder in one little section in New England. We had two maps here the other day, and the House can draw its own conclusion about those maps. As the gentleman from New York [Mr. CROWTHER] said, what of it? Where does it all go? All in one section of our country; and I tell the gentleman from Illinois that there is very little of it going into his section, too.

Mr. DENISON. I think that is true. May I ask the gentleman one more question?

Mr. COLLIER. I do not want to take up all of my time in interruptions, and I have not yet started on this matter.

Mr. DENISON. Does the gentleman from Mississippi think that the Republican members of the committee ought to put a tariff on long-staple cotton when all of the Democrats will vote against the bill?

Mr. COLLIER. That is opening up a pretty broad question. Does the gentleman think that we should decide an economic problem because some other fellow is going to vote against the bill, or because we believe the economic problem to be correctly solved? I do not think a matter of whether it is right or wrong should be determined by whether somebody else is going to vote for it.

Mr. JONES of Texas. Mr. Chairman, will the gentleman yield?

Mr. COLLIER. Yes.

Mr. JONES of Texas. Is it not true that this bill not only leaves long-staple cotton out of the protected list but also leaves off plant and vegetable oils and hides and jute and many other products of the farm and ranch, and at the same time increases the tariff on a great many articles which the farmer must buy? In view of this fact, does not the gentleman think it would be appropriate for Congress to adjourn out of respect to the deceased hopes of the farmer as embodied in this bill?

Mr. COLLIER. I never did think they were going to do the farmer any good, because I know those boys over there on the Republican side. I would like to go on now for a few minutes, because my good friend Mr. TREADWAY, who is going to follow me, told me that he hoped that I would not speak so long that he would be unable to go and get his lunch, and I see him about ready to go. It is a great distress to me, a great sorrow, that Prince Rupert is not here to-day. I told him that I was going to be here this morning, and I am sorry that the gentleman from New York [Mr. CROWTHER] is not here. My friends, you know that the gentleman from New York made a great speech the other day. He did make a good speech, both from his standpoint and from our standpoint. I am sorry, indeed, that he is not here to-day. He got more applause for one thing he said than for anything else. Oh, I wish he were here. [Laughter.] He got more applause when he charged over from one side of the well of the House clean over to the Democratic side of the aisle and said, "My friends, I have always contended that the patriotic American idea is for the patriotic American citizen to buy the goods that he wears and the produce that he eats from an American concern." You all applauded him and I applauded him, because that is really sound doctrine.

I believe one should buy all he can from those at home. I buy everything I possibly can that I use from my district, because I believe that it is right, and if the principle is good for a congressional district it is good for the United States, so I also applauded the gentleman from New York. Then all at once I caught myself wondering why I was applauding him on the sentiments that he had so nobly expressed. I recalled that some years ago a constituent of mine was present here in the city and he and I went to the National Theater to see that wonderful artist, that great actor, David Warfield play, I think it was called the Music Master. I never heard or saw such a pathetic play in my life. I did not want to sit there and cry before my friend from home, and so I would take my finger and stick it up in my eye, in this way, in an endeavor to avoid crying and rub out the tears. Finally my good friend turned to me and said in a blubbering way, "Excuse me, COLLIER, but I can't help it, I have got to cry." [Laughter.] Then I looked over that great audience of 1,500 or 2,000 people and saw that every one of them had their handkerchiefs to their eyes, and I pulled out my handkerchief and cried with them. Then all at once I got to thinking what a fool I was for crying, that that man was just acting, simply acting, that is all he was doing and that he was getting from $500 to $1,000 a night for this acting and making a lot of people cry, so I stuffed back my handkerchief into my pocket and thought what a fool I was. And so when my good friend from New York hurled himself across the well here, demanding that all Americans buy everything from American concerns I began to wonder why it was that I was applauding him, when I remembered that the Presidents who are the Commmanders in Chief of the Army and the Commanders in Chief of the Navy and who have been the heads of his party for over eight years, and yet both of those great departments had bought much of their equipment abroad, and I wondered still further and reflected that in our beautiful Committee on Ways and Means room, which we are so proud to show to our visitors, that the chairs there were made in Austria, and I still further remembered that when the gentleman from New York sits in one of those Austrian chairs and thunders his tirades against the evils of importing, I said to myself, "What a fool I am to applaud Prince Rupert, because my good friend Doctor CROWTHER is acting, simply acting, that is all." [Laughter and applause.]

Mr. BACHARACH. And I want to inform the gentleman from Mississippi—I do not know whether he knows it or not—that those chairs were bought during the Wilson administration in 1913. [Laughter and applause.]

Mr. COLLIER. Oh, that is just like a lot of the other things that happened in the Wilson administration. You have been in power eight years and you have not had enough initiative yet to take them out. How long do you want to stay in to take those chairs out? What does the gentleman from Illinois [Mr. DENISON] who is so much concerned about the protective rates in this bill think about this situation? Take the farmer who lives within 50 miles of Chicago. He goes to that great manufacturing concern there that sells harvesters, takes his wagon and gets his machine, and, according to a statement that I saw in one of the economics magazines, he will have to pay about $47 more for it than the same machine will cost a man on the other side of the Atlantic. According to the testimony of witnesses before the Ways and Means Committee, American tiles which are needed by the farmer and in our road building, and in many other ways, and on which you have made an outrageous increase, are selling in Europe at just about half the price they are charging us over here. And they tell us that the patriotic thing for us to do is to march up and get stung every time, and let them increase their price by law and at the same time permit these patriotic Americans to charge us twice as much as they do the foreigner for the same identical article.

What we ought to do, my friends, if you are going to have protection—and I admit that the country seems to be committed to a tariff—is to put on a rate that will produce competition and equalize the difference in the cost of production here and abroad.

I thought, when I heard the witnesses who appeared before the committee in the consideration of the Fordney-McCumber bill, that they were the hungriest body of witnesses that ever came before that committee, because the Underwood bill had kept them from the trough for eight or nine years. But their hunger faded away before that of the witnesses who appeared before this committee during the hearings on the Hawley bill. I could not reconcile the tales of woe and business depression given us by over a thousand witnesses with the great speeches made by ex-President Calvin Coolidge and those made by our present President, Mr. Hoover, last fall, and those made by our splendid colleague from New York [Mr. CROWTHER] the other day, who all said that we are now in the midst of the greatest prosperity the country has ever known. I say I could not reconcile those speeches with the assertions made by over 1,100 witnesses who represented, as they claimed, about 35,000,000 of people and practically every line of industrial, commercial, and agricultural activity, who came before us and told us that their business was on the verge of ruin and that unless we increased the tariff rates at least twice or thrice and in certain instances five times as high as they are now, those industries were doomed to destruction. [Laughter.]

I see over there my good friend from Massachusetts [Mr. TREADWAY], whom I always admire and who is a gentleman who has the real New England idea. If you do not think he has the genuine New England idea, just ask some of the gypsum people who do not belong to the Gypsum Trust. The Payne bill and the Dingley bill carried a high tariff on gypsum, which was for the benefit of a Massachusetts industry. The head of that industry came before Congress repeatedly and succeeded in securing a high rate. He represented the New England gypsum industry, and it is known far and wide as the Gypsum Trust.

When the Underwood bill was considered this head of the Gypsum Trust again attempted to secure a high rate on gypsum but was unsuccessful, and gypsum was placed upon the free list.

Now then, what happened? This Gypsum Trust, which is located in Massachusetts and I understand in the district of the gentleman from the Bay State, Mr. TREADWAY, and the head of this trust who I also understand lives in the district of the gentleman from Massachusetts, refused to wait until the Republican Party got back in power so that another tariff could

be given him, went up into Nova Scotia and bought great mines of gypsum up there, and I have been told owns practically all the gypsum in Nova Scotia.

He then proceeded to bring this gypsum in free by cheap water transportation, and now instead of being for a tariff on gypsum this gentleman is an earnest advocate of free gypsum.

I again express the wish that the gentleman from New York, Mr. CROWTHER, were here, because the importation of this free gypsum by cheap water transportation from Nova Scotia has very seriously interfered with the business interests of a great many manufacturers in the district of the gentleman from New York, and if he were here he would denounce the action of the committee in placing gypsum on the free list.

But it is folly for anyone to complain, because the New England idea of admitting raw materials free, and heavily taxing every finished product that has been in force for so many years still prevails, and that gypsum is on the free list in the present bill is due to the power and ability and strength that the gentleman from Massachusetts, Mr. TREADWAY, and his other colleagues from New England possess.

Before I leave the question of gypsum, however, I would like to insert in the RECORD an extract from the Manufacturers Record written by Dr. Henry M. Payne, one of the great geologists of this country and now secretary of the southern division of the American Mining Congress. Doctor Payne says:

> Gypsum is left on the free list. The passage of the new bill without change would sweep away the last vestige of hope of the independent gypsum producers of the country for relief, and would place both producer and the public completely at the mercy of the importers—the United States Gypsum Trust, which now dominates the principal domestic markets, the metropolitan areas along the Atlantic and Pacific coasts. Without protection, the Gypsum Trust will be able to seize interior markets and bankrupt the independent producers in those markets. Texas, Louisiana, New York, Kansas, South Dakota, Iowa, Montana, Nevada, Arizona, and other States will suffer, while Nova Scotia and Mexico will benefit.

My genial friend from Washington [Mr. HADLEY] was very much interested in a tariff on shingles; he wanted a 25 per cent rate imposed on shingles to equalize the difference in the cost of production here and abroad, or rather between here and British Columbia. Before we got through with the hearing I felt sorry for the witnesses who appeared in behalf of a tariff on shingles because the gentleman from Massachusetts [Mr. TREADWAY] was so savage toward them. He wanted to know if they wanted to throw obstacles in the way of home building in the United States by putting a tariff on roofing. I felt my heart grow warm toward the gentleman from Massachusetts, because that is good Democratic doctrine; it was a good Democratic stand made by a good man from the good old Democratic State of Massachusetts. [Laughter.] The Democratic Party has always stood for the home builders of the country. It has always contended that the Federal tax gatherer should never stand between an American citizen and the building of a home for his family, a schoolhouse for his children, or a church for his God. I intended at the conclusion of the hearings to go up and congratulate the gentleman from Massachusetts for his good old Democratic stand, and I said to myself, "How much wisdom that November election has knocked into the head of the gentleman from Massachusetts." [Laughter.]

But that very day before we got through the hearings the paper-roofing fellows came before us. Paper roofing is a substitute, a very poor substitute, for metal or wooden roofing; but then, you know, paper roofing is a Massachusetts industry. I have been told further that paper roofing—I do not know whether this is true or not; the gentleman can deny it if it is not true—is an industry in the district of my friend from the good old Democratic State of Massachusetts, and the product of that industry is a substitute for shingles which the gentleman from Washington [Mr. HADLEY] wanted to protect. My friend from Massachusetts in his eagerness to secure about twice as much tariff on paper roofing as the modest gentleman from Washington wanted on shingles, forgot all about the home builders in the United States. [Laughter.]

Mr. LOZIER. Mr. Chairman, will the gentleman yield there?

Mr. COLLIER. Yes.

Mr. LOZIER. I want to make this observation: One of the greatest speeches ever made in this Chamber was made by James G. Blaine, in which he denounced vigorously a proposition to impose a duty on lumber. He called attention to the fact that even in the stress and strain of the Civil War, when the Government was taxing almost everything, no one had advocated putting lumber on the dutiable list.

Mr. COLLIER. I thank the gentleman very much for his contribution. There have been a great many speeches made on that subject. I had a conversation with a gentleman from one of the Eastern States yesterday who complained to me very bitterly, "Why did they not put a tariff on sand?" He told me that he lived over 150 miles from the coast; that there were three brick factories in his town, and though there was a sand pit in less than 3 miles of these factories, the cheap African sand produced by cheap pauper labor was being used by these factories. No witness who appeared before the committee told a more pathetic story than the sand gatherers. They told us, and to my mind demonstrated it, as they did almost everything else in this bill, that if we did not put a tariff of 5 cents per hundred pounds on sand, it would not be long before the whole Desert of Sahara would be brought over to America. [Laughter.] I had believed that there was enough sand in our rivers and creeks, to say nothing of our seashores and lakesides, to last over a hundred thousand years. [Laughter.]

I want to know why it was they ignored the demands of the sand gatherers. I was also told that there is a patriotic reason why they should have put a duty on sand, for they are dumping it by the millions of tons all over the country. We are trying to inculcate in the minds of the children love and respect for American traditions, American ideals, and American institutions. How can this be done if the American boy, with a little toy shovel and spade, should go out and play in this cheap African sand produced by this pauper labor over there? When we think of what might happen should this occur, in the language of Doctor CROWTHER, we may well say, "It is a terrible situation." [Laughter.]

The gentleman from Texas [Mr. GARNER] during his speech said: "Tell me one thing you have reduced." He looked at Mr. HAWLEY, and he said, "Can the chairman tell me one thing you have reduced?" The chairman said, "Well, I was chairman of the subcommittee on agriculture—no decrease there, but you will have to ask the other members if they made a decrease." Our leader then asked if any member of the committee could tell him of a single reduction in a bill of over 5,000 items. No one replied, for all the members were busy thinking. It reminded me of school days when the teacher said, "Who was it on that Christmas night, with the bells pealing the glad tidings of peace on earth and good will to men, crossed the freezing Delaware?" And after a long silence one bright boy raised his hand and said, "I know." After a long wait in the House I saw a look of pleasure on the face of the gentleman from New Jersey [Mr. BACHARACH]. He rose to his feet and triumphantly said, "I know. I know. I can tell you; it was razor blades." He felt so proud of it that he brought up the subject of razor blades about five times before Mr. GARNER got through, and on cross-examination yesterday he said there were two other reductions but he could not recall them. I asked one of my good friends on the Republican side this question: "What was the idea of singling out razor blades and giving them this reduction?" And he said, "Well, the only reason I can assign is that this bill has shaved the American people so close that they want to give them something with which to shave themselves." [Laughter and applause.]

Now, what are the meanest things in this bill? I will say for the benefit of the gentleman from New Jersey [Mr. BACHARACH] that the steel schedule might have been worse but the reason it was not worse was because six years ago you made it just as bad as it could be. But the two meanest schedules are the woolen and cotton textile schedules. They have increased the tariff on everything that goes into an American's ordinary, everyday wear. A dress, a cotton dress that a girl working for a living now buys for $15 or $20, will, under the prohibitive rates of this bill, cost $30 and $35. Then the woolen schedule is even worse. It is worse than Schedule K, which wrecked the Republican Party in the election of 1910. These schedules are the vicious schedules in this bill; these are the schedules which cut most deeply into the pockets of the American people.

Our genial Speaker of the House, Mr. LONGWORTH, whom we all love, in his acceptance speech said that the Fordney bill was, in his opinion, the very best bill ever passed by the American Congress. I generally agree with him, but in all deference to his opinion, I think the Fordney bill was the worst bill. It would have been a marvel if that bill had been economically sound, because at the time it was written we had just emerged from a war which had set in motion forces which almost shook civilization from its foundations and nearly rocked the universe. Forty millions of men were placed upon the firing line; 10,000,000 of them were killed and nearly twice as many more maimed, crippled and removed from the fields of life's productiveness. Two-thirds of the world's wealth, treasure and developed resources had been utilized, wasted, or destroyed.

It was just after the war that that bill was written when the world was suffering from a reaction accompanied by all the evils and mischiefs which social, political, and economic life were heir to.

This reaction was shown in other countries by the development and growth of Bolshevism and Sovietism; by a depreciated currency and empty treasuries, and by the almost total curtailment of purchasing power.

Europe owed us $10,000,000,000 and could not even pay the interest. Their factories had not yet resumed work; starvation and famine, dread and fearful partners, stalked through the streets of many of the principal cities in Europe.

It was utterly impossible at such a time to secure any kind of information as to the difference in the cost of production here and abroad, and yet it was under these conditions that the Fordney bill was written. That bill shamefully discriminated against agriculture like the Hawley bill discriminates against agriculture. The Fordney bill was written in the interest of a certain section of the country like the Hawley bill was written in the interest of a certain section of the country.

Both the Fordney bill and the Hawley bill not only discriminated against agriculture, but discriminated against manufacture, for in both bills only certain manufacturers who live in certain sections are benefited. Both of these bills take the part of certain manufacturers only against all the consumers, of certain producers only against all the buyers, of scarcity in certain articles only as against abundance in those articles, of dearness in the price of certain articles only as against cheapness in the price of those articles.

If our genial Speaker of the House, Mr. LONGWORTH, is correct that the Fordney bill was the best bill ever enacted, why was it that over 1,100 witnesses, representing over 35,000,000 people interested in every line of productive, industrial and agricultural, activities in the United States appeared before the committee and asked us to change nearly every section of the Fordney bill?

If the Fordney bill was such a good bill why was it the Republican members of the Ways and Means found it necessary to amend that bill over one thousand times?

This bill is supposed to be for the benefit of agriculture. I hold in my hand a letter protesting against 40 or 50 or even more important and material items in the bill, signed by the leaders of the Grange, the American Farm Bureau Federation, the National Cooperative Milk Producers Federation, the American Dairy Federation, the National Dairy Union, the American Cotton Growers Association, the American Livestock Association, the National Livestock Producing Association, the American Fish-Oil Association, the Texas and Oklahoma Cottonseed Crushers Association, the Southern Tariff Association, and the tariff committee of the Poultry Council.

If there are many more farm organizations, I do not now recall them. Every one of these organizations are protesting against the bill which we were called here to enact for their benefit and in which you have made changes in over 1,000 items. Less than 300 of these changes are for the farmer, and they are for the most part immaterial changes, where the rate here and there has been raised 2 or 3 cents on some perishable fruit or vegetable. [Applause.]

Mr. HAWLEY. Mr. Chairman, I yield one hour to the gentleman from Massachusetts [Mr. TREADWAY].

Mr. TREADWAY. Mr. Chairman, gentlemen, and gentlewomen of the committee, the gentleman from Mississippi [Mr. COLLIER] is one of the best debaters I have ever heard and the quickest at repartee. He gave me an opportunity to break in and make a correction, if he had not spoken accurately about the State of Massachusetts, but I knew that I had better let the gentleman alone as he can handle himself better than I can in repartee and he was sure to get the better of me. So I thought I would wait until my time came to make the correction.

I want to state to the gentleman that paper roofing is not made in my district. I have no interest in it, and, if anything, I have a particular antipathy to the concern that makes this roofing because its head endeavored to wreck the Republican Party by running for governor on the Progressive ticket, and it was a very serious matter from the Republican standpoint. Therefore I have little interest in the well being of the concern in Massachusetts making paper roofing to which he refers. However, the concern is a fine one and should be accorded whatever measure of protection it rightly deserves in the industry.

Now, in another particular I fully agree with the gentleman from Mississippi who took the very words I was about to express out of my mouth, although I can not do it with the same degree of skill that he did, namely, complimenting our very able and efficient chairman. I think the entire committee, both the Republicans and Democrats, can join in a vote of hearty appreciation of the services rendered this House and particularly our committee by the gentleman from Oregon [Mr. HAWLEY]. [Applause.]

I have had several years of experience as a Member of the House, and while I have sat on the Ways and Means Committee under several able chairmen, including one of the most delightful members of the Democratic Party, the late lamented Claude Kitchin, nevertheless I think it is fair to say that no man ever presided over the arduous tasks of that committee with the same patience, diligence, and attention to the duty and the work of the committee as has the present chairman. [Applause.]

Further than that, his physical endurance is wonderful. How one man can sit as chairman four months, never leaving the chair during the long and tedious hearings, in the bad atmosphere of the committee room, day in and day out, many evenings, is a test of physical endurance beyond our knowledge. So far as I recall, he never left the hearings but twice—once to attend an important conference and another time to make an address at a gathering here in the city. So I say that much of the quality of the bill before us to-day is due to his diligence, perseverance, and his parliamentary ability. In addition, he was at all times most courteous alike to witnesses and committee members. We thank him and I know the Democrats on the committee will join me in the same expression. [Applause.]

DEMOCRATIC CRITICISM

As discussion of this bill has progressed it has been quite remarkable to see the Democratic Members returning to their old methods of partisan criticism. In view of the representations made by the Democrats during the campaign last fall it was expected that, if those representations were sincere, a tariff bill would not have the same element of partisanship in debate as has previously been customary. Unfortunately this has not proven to be the case, and the Democrats are running true to form in abusing what the people will eventually decide to be the best tariff bill ever written.

The bill is such a good one and will be of such ultimate benefit to the country at large that it is right and fair that those who are directly responsible for its preparation and passage should receive their full share of credit for its accomplishment.

The Democratic protective policy is of such recent birth that it can not yet be said to be out of its swaddling clothes. The party is a long way from maturity of judgment and responsibility. Therefore those who have borne the heat and burden of the day for protection to American industry, American labor, and American capital should be given the credit for the bill.

Personally it is entirely agreeable to me to have this bill regarded with the same degree of partisanship as other tariff bills have been regarded in their making. When the final vote is taken we will be glad to have our Democratic associates prove their conversion to a protective-tariff policy by their votes for this Republican measure.

In the words so often quoted, "There is glory enough for all," but the real credit, from long-established party belief, belongs to the Republican Party and will, in my opinion, be so viewed by the American people.

REPUBLICAN PLATFORMS

Extracts from the Republican platforms for many presidential elections past indicate definitely and specifically the Republican Party's advocacy of this great doctrine. The Democratic platforms are as shifting as the sands of the sea, never twice quite alike, due to the effort to secure popular acclaim without definite opinion.

In the Republican platform of 1920 we find the following:

The uncertain and unsettled condition of international balances, the abnormal economic and trade situation of the world, and the impossibility of forecasting accurately even the near future, preclude the formulation of a definite program to meet conditions a year hence. But the Republican Party reaffirms its belief in the protective principle and pledges itself to a revision of the tariff as soon as conditions shall make it necessary for the preservation of the home market for American labor, agriculture, and industry.

In the Republican platform of 1924 we find the following:

The tariff protection to our industry works for increased consumption of domestic agricultural products by an employed population instead of one unable to purchase the necessities of life. Without the strict maintenance of the tariff principle our farmers will need always to compete with cheap lands and cheap labor abroad and with lower standards of living.

The enormous value of the protective principle has once more been demonstrated by the effects of the emergency tariff act of 1921 and the tariff act of 1922.

The following is from the Republican platform for 1928:

We reaffirm our belief in the protective tariff as a fundamental and essential principle of the economic life of this Nation. While certain provisions of the present law require revision in the light of changes in the world competitive situation since its enactment, the record of the United States since 1922 clearly shows that the fundamental protective principle of the law has been fully justified. It has stimulated the development of our natural resources, provided fuller employment at higher wages through the promotion of industrial activity, assured thereby the continuance of the farmer's major market, and further raised the standards of living and general comfort and well-being of our people. The great expansion in the wealth of our Nation during the past 50 years, and particularly in the last decade, could not have been accomplished without a protective-tariff system designed to promote the vital interests of all classes.

The election of Herbert Hoover was brought about by continued reiteration of this firm conviction of Republicanism. Let me quote from his speech of acceptance:

The Republican Party has ever been the exponent of protection to all our people from competition with lower standards of living abroad. We have always fought for tariffs designed to establish this protection from imported goods. * * *

A general reduction in the tariff would admit a flood of goods from abroad. It would injure every home. It would fill our streets with idle workers. It would destroy the returns to our dairymen, our fruit, flax, and livestock growers, and our other farmers. * * *

We have pledged ourselves to make such revisions in the tariff laws as may be necessary to provide real protection against the shiftings of economic tides in our various industries. I am sure the American people would rather intrust the perfection of the tariff to the consistent friend of the tariff than to our opponents, who have always reduced our tariffs, who voted against our present protection to the worker and the farmer, and whose whole economic theory over generations has been the destruction of the protective principle.

It was on this doctrine that the party under the leadership of Herbert Hoover went before the people last November. The membership of this House, with one of the largest Republican majorities, is proof that the doctrine of a firm protective policy as pledged by the Republican candidate and set forth in its platform, as well as evidenced by its record in the past, was approved by the American people.

President Hoover's message to Congress at the beginning of this Congress is the last word we have received from him on the subject of tariff. The message was delivered too recently to need extensive quotation here, but, as a matter of record, I nevertheless want to quote at length from it, as follows:

In considering the tariff for other industries than agriculture, we find that there have been economic shifts necessitating a readjustment of some of the tariff schedules. Seven years of experience under the tariff bill enacted in 1922 have demonstrated the wisdom of Congress in the enactment of that measure. On the whole it has worked well. In the main our wages have been maintained at high levels; our exports and imports have steadily increased; with some exceptions our manufacturing industries have been prosperous. Nevertheless, economic changes have taken place during that time, which have placed certain domestic products at a disadvantage, and new industries have come into being; all of which creates the necessity for some limited changes in the schedules and in the administrative clauses of the laws as written in 1922.

It would seem to me that the test of necessity for revision is in the main whether there has been a substantial slackening of activity in an industry during the past few years, and a consequent decrease of employment due to insurmountable competition in the products of that industry. It is not as if we were setting up a new basis of protective duties. We did that seven years ago. What we need to remedy now is whatever substantial loss of employment may have resulted from shifts since that time.

No discrimination against any foreign industry is involved in equalizing the difference in costs of production at home and abroad and thus taking from foreign producers the advantages they derive from paying lower wages to labor. Indeed, such equalization is not only a measure of social justice at home, but by the lift it gives to our standards of living we increase the demand for those goods from abroad that we do not ourselves produce. In a large sense we have learned that the cheapening of the toiler decreases rather than promotes permanent prosperity because it reduces the consuming power of the people.

In determining changes in our tariff we must not fail to take into account the broad interests of the country as a whole, and such interests include our trade relations with other countries. It is obviously unwise protection which sacrifices a greater amount of employment in exports to gain a less amount of employment from imports.

It is in conformity with the history of the party and carrying out its pledges that H. R. 2667 is to-day before the House for action. Whatever its weaknesses may be, it can truthfully and fairly be said that its first interests are in behalf of the people of this country, the ones for whom it was written.

DEMOCRATIC CRITICISM

In view of the references I have made to the record of the Republican Party since 1920 on the subject of tariff, as well as to the platforms, the position of the President, and the attitude of all leaders of the party, the gentleman from Texas [Mr. GARNER] lived up to his reputation as a first-class bluffer, in politics or otherwise, when without cracking a smile he was able to suggest to this House on Thursday last that the origin or genesis, as he called it, of the present tariff bill was the so-called McMasters resolution of the Seventieth Congress. I have heard the gentleman from Texas place many ridiculous ideas before the House, but now that he has grown to the full measure of minority leader, as well as of ranking Democrat on the Ways and Means Committee, it would seem to me that he might do away with some of his well-known characteristics and endeavor to aspire to a higher caliber of statesmanship on such a subject as the financial welfare of this Government.

We recognize his remarkable ability, his geniality, and his many fine qualifications, but it is unfortunate that in the position he now holds he should base his case upon the flimsy apology regarding the McMasters resolution.

On Saturday last the gentleman from Illinois [Mr. RAINEY] added to the alleged explanation of the gentleman from Texas as to the cost of the bill and its supposed iniquities. The two statements together make a wonderful combination of Democratic lack of logic and reasoning. As a matter of fact, it was necessary for the gentleman from Texas to offer something of the sort as an excuse for dropping out of the tariff picture that Candidate Smith and Chairman Raskob so prettily painted last year in the campaign of 1928.

Some of the other statements of the gentleman from Texas are really worthy of consideration. For instance, he said there probably was not a man in the House on either side but who believed in protection on "something." Many years ago that was the Democratic doctrine of protection and a Democratic candidate for President was disastrously defeated because he stated that the tariff was a local issue. Evidently what our friend from Texas would regard as worthy of protection would be his favorite Angora goat hair. This reminds me of the first tariff speech I heard him make in 1913, advocating a duty on this article, when his Democratic colleagues almost ostracized him for wanting a duty on anything while the Underwood measure was under discussion.

It was difficult to follow his effort to make an argument that in writing a bill he would favor rates that represent the advance in cost of production and difference in standards of living in this country and abroad. If that is his so-called domestic measurement, he will heartily approve this bill rather than making such an attack as he recently did, because that is exactly the yardstick used by the Republican Members.

The principal factor considered in connection with any rate of duty was the amount of importation of a competitive article. In very few instances is it necessary to admit that better goods are made in foreign countries than here, and when accurate statistics show large importations it is natural to assume that the cost of production abroad and the rates of wages paid there are not in keeping with American standards of living.

Another favorite remark of our Democratic friend is his repeated reference to the "interests." How many times we have heard the Secretary of the Treasury referred to in his sarcastic and derogatory manner. But now he is putting the Secretary into a new sphere. No wonder the Secretary of the Treasury is very thin. All the burdens and the iniquities which the gentleman from Texas has placed upon his shoulders during the time he has so ably filled the position of Secretary of the Treasury would not only make him thin but round-shouldered.

And now our good friend from Texas adds a further burden to the Secretary's cares and responsibilities by saying that he, forsooth, is the one man who, under the language of the bill, will write tariff rates. Our good friend from Texas is too brilliant a man even to believe himself, let alone trying to make others believe, that what he has said in this respect is correct.

COMPARISON OF IMPORTS AND EXPORTS

The committee gave due consideration to considerable testimony submitted by importers who were naturally anxious to secure goods from foreign markets at as low a price as possible in order to sell them in the best market in the world.

The committee has also given careful attention to our relations with foreign governments, particularly to our closest neighbor—Canada. There is no disposition on the part of the committee to exclude foreign importations or to jeopardize existing cordial trade relations with the nations of the world who are our customers for a portion of our production.

The desirability of having customers beyond our boundaries is shown by the records of exports during the past six years, the aggregate amounts of which have been as follows:

1923	$4,167,493,000
1924	4,590,984,000
1925	4,909,848,000
1926	4,808,659,000
1927	4,865,376,000
1928	5,128,809,000
Total	28,471,169,000

As a matter of comparison, let me call attention to the amounts of our imports for the same years:

1923	$3,792,066,000
1924	3,609,962,000
1925	4,226,589,000
1926	4,430,888,000
1927	4,184,742,000
1928	4,091,120,000
Total	24,335,367,000

This comparison shows that during the past six years the balance of trade has been $4,135,802,000 in our favor.

It would not be common sense for this country to prevent importations from other countries to an extent which would eventually result in a lessened demand abroad for our exports.

Our biggest article of export is raw cotton. The quantities and values of this product exported in 1927 and 1928 are as follows:

Year	Quantity	Value
	Pounds	
1927	4,897,062,097	$826,306,045
1928	4,579,426,432	920,008,963

Our most valuable import is silk, the figures for 1927 and 1928 being as follows:

Year	Quantity	Value
	Pounds	
1927	74,004,593	$390,365,475
1928	75,489,315	367,997,250

We also import many raw materials not raised in this country which in a way offset our finished products made by American labor for export.

There must continue to exist a comity of trade relationship which will bring about a fair exchange of commodities or what might be termed barter and trade.

ADVANTAGE TO UNITED STATES

On the other hand, wherever any advantage can fairly be secured for American products, manufactured by American labor, guided by American genius, it is the duty of the American Congress to see to it that our laws maintain such advantage at home.

In my judgment, this bill, by and large, is thus framed, and it is for us as representatives of the American people to retain the advantages secured through previous legislation in behalf of the people we here represent.

The day this bill was introduced there appeared articles in the daily press to the effect that this bill did not receive the approval of some of our foreign neighbors and friends. If it is not satisfactory to the producers of competitive articles abroad, it ought to be all the more satisfactory to our industries at home.

EXCEPTIONS TO BILL

Before discussing certain sections of the bill I want to refer to my own position in connection with various items.

I do not approve the recommendation of the majority of the Republican members of the committee on building materials, particularly lumber, including cedar, maple, and birch. I do not approve of the attitude of the majority of my colleagues on hides, leather, and shoes. I urged and still favor increase in the duty on Sumatra tobacco. The item wherein I am most at variance with my Republican colleagues of the committee is the increased duty on sugar.

I realize, however, that it would be impossible for 15 men scattered broadcast over the United States to be in entire harmony on a measure containing over 10,000 items. My differences with my colleagues consist of a few major features. The great bulk of the bill, however, meets my hearty approval and the merits so far outweigh the demerits as to warrant only cursory mention of the features above referred to.

Should the Republican membership of the House agree in the near future either to act upon the bill as reported or submit to the House certain major items for separate votes, I shall abide by the final viewpoint of the majority of my party associates and gladly vote for the completed bill in such form as the party may finally determine is proper. I have alway prided myself on support of Republican principles and thoroughly believe that the will of the Republican majority should govern individual action. The Democratic side of the House can offer no camouflage or smoke screen behind which I care to excuse myself, either in the form of suggested amendments emanating or inspired by that side or in the form of an insidious motion to recommit, which undoubtedly will be cunningly framed by the gentleman from Texas and his associates.

ERRORS OF OMISSION AND COMMISSION

So far as my personal opinion is concerned, there are errors of omission and of commission in H. R. 2667.

Let me illustrate very briefly by referring to one error of omission and one of commission.

I will first mention the failure to increase the rate of duty on tobacco. The Connecticut Valley, so called, extends across the State of Connecticut and beyond into Massachusetts, following the line of the Connecticut River northward. It therefore stretches across the entire eastern section of the first congressional district of Massachusetts, which I have the honor to represent. In that section the largest crop raised by the farming industry is that of tobacco.

The present rate of duty, which is repeated in section 601 of H. R. 2667, is $2.10 per pound unstemmed. The tobacco growers presented their case, showing that it was necessary for them to have this rate very materially increased in order to continue the industry in Connecticut, Massachusetts, and other sections. Possibly an increase to $3 per pound would have been an equitable amount, with proportionate increases in the rest of the paragraph. Let me say that in this paragraph certainly the agriculturist was seriously neglected, and those interested in keeping the price of tobacco down and the opportunity to import tobacco grown in other countries, namely, the cigar manufacturers, won as against the farmer. This is a source of sincere regret to me, knowing the tobacco growers at home as I do, but, as in other things, I realize I must abide by the will of the majority.

A most serious error of commission in the bill is the increase of the tariff on sugar. Sugar is probably the most generally used product in the household of the country, and an increase of rate from 1.76 cents to 2.40 cents per pound, two-thirds of a cent, must be reflected in the domestic budget. This two-thirds of a cent per pound means a tariff of $14.34 per long ton, of which we use 6,000,000 annually in this country, the amount imported under the tariff amounting roughly to 3,000,000 tons. This quantity, at $14.34 duty per ton, means a payment by the purchasers of sugar of $86,040,000 each year. If this $86,040,000 were to revert to the farmers who raise the beets or grow the cane, probably the housewife of the country would be willing to stand the additional expense, but I venture to say that a very small percentage of this total would be reflected in the price of beets grown in Colorado and elsewhere or of the cane produced in the South. A great sugar corporation controls the price of beets and cane and the housewife would therefore simply make an additional contribution to the coffers of an already well-lined corporation treasury.

Mr. GLOVER. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. GLOVER. Is it not true that the farmer, being the one who preserves a great deal that he grows by the use of sugar, will be hit harder under this bill than any other people in the United States, and will be injured instead of helped as the bill proposes to do?

Mr. TREADWAY. I am not sure that he will be hit the hardest by this particular item, but I will say that more people in the United States will be hit by it than any other one item in the bill. I am much against the increase of rates from the present tariff of 1.76.

Mr. LEATHERWOOD. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. LEATHERWOOD. I am very much interested in the gentleman's statement with reference to tobacco. Do we import any tobacco?

Mr. TREADWAY. Large quantities of it.

Mr. LEATHERWOOD. What percentage of the tobacco manufactured in this country is grown by the American farmer?

Mr. TREADWAY. I have those statistics here with me, but I prefer not to take the time now to go into a discussion of that.

Mr. LEATHERWOOD. The foreign growers could supply the market, could they not?

Mr. TREADWAY. I think probably they could, but why put 25,000 or 30,000 farmers out of business? The gentleman does not want to put the beet-sugar grower out of business does he?

Mr. LEATHERWOOD. That was exactly in my mind when the gentleman was trying to kill the beet-sugar grower. It makes a difference whether it is beets or tobacco, does it not?

Mr. TREADWAY. No; it is a different situation. I would be very glad to discuss the matter with the gentleman if time permitted.

Mr. LEATHERWOOD. And I would be very glad to discuss it also with the gentleman.

Mr. HOUSTON of Hawaii. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. HOUSTON of Hawaii. Thanks to the remarks of the gentleman from Missouri [Mr. COCHRAN], it will be noted in the RECORD of yesterday that in the first tariff bill comparable sugar was rated at the same figure now proposed to be put in this bill.

Mr. TREADWAY. I wish now to comment upon some items of omission.

COMMENDATION OF OMISSIONS

There are also commendations to be made of certain omissions, and to these I wish to make reference. A new type of tariff effort has appeared during the preparation of this bill. The suggestion that heavy duties should be placed on certain articles in order to force consumers to use other articles is stretching tariff beyond the point of common sense. A strenuous effort was made to convince the committee that a high duty should be placed on jute, of which not a pound is grown in the United States, the object being to force the use of coarse cotton for bagging purposes in place of jute. Arguments for and against this proposition are fully set forth in the hearings.

In addition to the unfair treatment this would entail against the manufacturers in this country of jute bagging, it was demonstrated that the change to cotton would cost the cotton growers themselves large additional sums of money for bagging of inferior quality to be used in wrapping their cotton.

The outstanding illustration of this type of request was the one submitted for a duty on bananas to be made so high as to unduly raise the price of the fruit, and, in the words of one of its advocates before the Ways and Means Committee, "if a tariff should be put on bananas, and if that tariff should have a reflection in the retail price, the price would be a determining factor as to whether they should buy cereals, fruits, apples, berries, or bananas." In other words, "Yes; we have no bananas; we will eat cereals and apples." This sort of thing is the height of tariff folly.

Considerable has been said about benefiting the farmer by raising the rate on casein. Let me refer to this also. Casein, which is made from skimmed milk, is used in coated papers and now pays a duty of 2½ cents per pound. It was proposed to raise this duty to 8 cents per pound in order to close the present source of foreign supply. If this had been done the result would have been disastrous to the coated-paper industry in this country and have forced manufacturers of that type of paper to go out of business. The additional cost of the raw product would have compelled the present users of coated paper to use substitute articles, such as supercalendered paper.

To substantiate the contention that American casein is not equal to that imported from Argentina let me quote from the summary of tariff information furnished the committee by the United States Tariff Commission:

In the United States the most profitable outlets for skimmed milk are in the production of evaporated and condensed milk and milk powder. In the Corn Belt skimmed milk is usually fed to hogs, consequently the quantities of skimmed milk available from that area for the production of casein is limited. In Argentina casein is the only product made from skimmed milk.

The quality of domestic casein is not uniform because of different methods of manufacture. Argentine and domestic casein are largely used by domestic coated-paper manufacturers. For casein plastics French casein is superior to domestic or Argentine casein.

The following extracts are taken from the committee's report:

The uniformity of the Argentine product is due to the fact that manufacture is in the hands of relatively few large producers, using chiefly one standardized process, as contrasted with many domestic producers, chiefly small, using several processes and with relatively little standardization of methods.

The coated-paper representatives have stated that they pay a premium to obtain Argentine casein, and that for each cent increase in duty the added cost in manufacturing coated paper averages $1.20 per ton. Competition from imported coated paper is keen. An increase in duty on casein would result in the substitution of supercalendered paper for coated paper and stimulate the use of substitutes for casein.

One important factor, pointed out in briefs submitted to the committee, is that surface-coated paper is usually sold on long-time contracts, and if the manufacturers were dependent upon the domestic production of casein, which is most uncertain, as over 50 per cent is produced in the four summer months of the year, it can be seen that they would be placed in a most hopeless position.

HIDES, LEATHER, AND SHOES

No one schedule has created as much interest in Massachusetts as the hide, leather, and shoe paragraphs. At the time the act of 1922 was under discussion the present chairman of the Ways and Means Committee made a very exhaustive and statistical speech favoring free hides. The leather and shoe industries of Massachusetts and elsewhere were grievously disappointed when in that law no duty was placed on their finished products. At that time foreign competition had not seriously developed in the shoe industry. Since then, year by year and month by month, importations have materially increased, principally of calf and kid leather and women's shoes.

I quote from a recent bulletin of the Massachusetts Department of Labor and Industries, as follows:

From 1919 to 1927 the number of tanneries decreased from 131 to 115. Wage earners dropped off from 15,000 to 10,000 and wages declined from $19,000,000 to $14,000,000, while the value of the finished product shrunk from $129,000,000 to $77,000,000.

In the shoe and shoe-stock industry for the same period the number of firms lessened from 929 to 862, the number of wage earners fell off from 90,000 to 63,000. Wages diminished from $99,000,000 to $74,000,000. The value of the product tumbled from $573,000,000 to $321,000,000.

The following table shows comparisons of importations of women's shoes, men's shoes, including boys', and calf leather for the years 1923 and 1928:

Importations

Article	Years	Quantities	Values
		Pairs	
Women's shoes	1923	115,000	$527,384
	1928	2,018,000	5,829,406
Men's shoes, including boys'	1923	206,664	718,794
	1928	395,825	2,424,818
		Square feet	
Calf leather	1923	10,000,000	2,850,408
	1928	54,000,000	14,000,000

During the first three months of 1929 the number of pairs of shoes imported was 1,400,000. It is therefore very apparent that the importations, both of shoes and of leather, are increasing very rapidly and that the business of tanning and shoe manufacturing in this country is being very hard hit. Perhaps no better case for the removal of an article from the free list to the dutiable list has been made out than in connection with leather and shoes, but it is a certain fact that the three articles—hides, leather, and shoes—are inseparable in treatment.

Mr. LAGUARDIA. What is the increased percentage?

Mr. TREADWAY. I am not sure whether I have that or not. It is about 1,700 per cent increase, if I remember rightly.

Mr. LAGUARDIA. Did the domestic consumption increase, too?

Mr. TREADWAY. I have not those figures at hand. I am referring here only to importations both of shoes and of calf leather. The production has not increased anything like in proportion to the 1,700 per cent.

Mr. HALE. Mr. Chairman, will the gentleman yield there?

Mr. TREADWAY. Yes.

Mr. HALE. These importations that the gentleman referred to have been principally of women's shoes?

Mr. TREADWAY. That is true, but the fact is that Czechoslovakia and other countries are learning our ways of making shoes and making marketable shoes for our American market at a much less cost than our people can produce them. It will be only a very short time before it becomes conclusive that they can also make men's shoes. It is not conclusive now, although a good many men's shoes are already imported. Men's shoes will come in along with women's shoes, just as the women's shoes have increased.

Mr. HALE. Is it not a fact that while the manufacturers of men's shoes do not need to-day any protective tariff, the reasonable probability is that in a few years they will be in the same situation as the manufacturers of women's shoes now find themselves in?

Mr. TREADWAY. Yes. We will suffer from both kinds. I did not stop to read the importations of women's shoes which I have in a table I will print.

Mr. LAGUARDIA. Where do they come from?

Mr. TREADWAY. Largely from Czechoslovakia.

Mr. BANKHEAD. Will the gentleman kindly give us the domestic production of men's shoes as against the importations?

Mr. TREADWAY. I would be very glad to insert it. It is in our summary.

Mr. BANKHEAD. Here is the point I have in mind: It does not throw much light on the subject when it is shown what is the amount of importations unless you couple with it a statement of the domestic production.

Mr. TREADWAY. I will say to the gentleman that I do not represent a shoe section myself. I am speaking of the industry only because it is carried on in my State. I have the figures, and I will insert them.

The following table shows the production, by classes, of boots and shoes—principally leather—in the United States during the past five years:

	1924	1925	1926	1927	1928
	Number of pairs	*Number of pairs*	*Number of pairs*	*Number of pairs*	*Number of pairs*
Men's	84,662,857	86,546,464	86,643,628	95,328,098	90,969,621
Boys' and youths'	20,273,524	21,021,158	21,110,544	24,229,296	23,031,757
Women's	104,135,469	104,781,687	110,446,845	116,258,866	123,752,653
Misses' and children's	35,693,923	38,691,056	38,577,135	39,649,961	37,135,374
Infants'	23,823,031	24,586,551	24,041,303	24,541,551	23,835,142
Slippers for home wear	23,014,780	23,898,677	24,777,449	29,158,122	31,483,157
Athletic and sporting	5,852,574	5,913,716	5,318,431	2,477,518	1,547,064
All other [1]	15,773,999	18,113,746	13,598,360	11,962,493	12,595,956
Total [1]	313,230,157	323,553,055	324,513,695	343,605,905	344,350,724

[1] Includes relatively small quantities of canvas and other fabric shoes, production of which is shown under paragraph 1405.

The following table shows the production of boots and shoes in this country for the first three months of the present year, as compared with the same period in 1928:

Classes	1929	1928
	Number of pairs	*Number of pairs*
Men's	22,123,815	23,892,802
Boys'	5,632,865	6,312,021
Women's	32,733,627	32,094,339
Misses'	10,945,019	10,535,367
Infants'	5,954,686	6,667,334
Slippers	5,066,066	5,085,052
Athletic	383,256	412,796
Moccasins	187,177	237,731
Total	83,026,511	85,237,442

Mr. BANKHEAD. Speaking of the leather industry from the tanner's standpoint and that of the shoe manufacturer, is it not an advantage in the manufacture of shoes as an industry to have leather on the free list?

Mr. TREADWAY. I am coming to that very point. I have already said that the three are inseparable; that they must go up or down together. Therefore I am advocating at this time that there should be a duty on hides if one is placed on leather and shoes. I will reach that shortly.

Mr. LEATHERWOOD. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. LEATHERWOOD. You have practically answered my question already on that point. In 1922 we lost our hides. I am wondering now if the gentleman takes the position of saving our hides and losing our sugar. [Laughter.]

Mr. TREADWAY. If the gentleman will refrain from his argument for sugar, I will proceed. My time would be exhausted if I am interrupted further. I do not think there is any comparison as between the shoe industry and the sugar industry in their need for protection.

Mr. LEATHERWOOD. I thank the gentleman for his courtesy in yielding. I will not interrupt him again. I am strongly in favor of a tariff on shoes.

Mr. TREADWAY. I can not reciprocate as to sugar.

Mr. BRIGHAM. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. BRIGHAM. Can the gentleman tell us how much the price would be increased if duties are placed on hides and shoes?

Mr. TREADWAY. Here is the difficulty, I will state to the gentleman: If you put a duty on hides, your next process is leather, and therefore there must be a compensatory duty there. The next step beyond that is shoes. That requires another compensatory duty. Commencing with a duty on hides you must have the compensatories, and therefore the lower we can consistently make a duty on hides, the better it will be for the final result in the cost of shoes to the consumer.

Our good friend from Texas [Mr. HUDSPETH] a few days ago made the remark that all they wanted was "a fair rate" of duty on hides. I wanted to form some idea as to what he considered would be a fair rate on hides, so I went over and sat down beside the gentleman from Texas, and asked him what he meant by a "fair rate on hides." He said he thought they ought to have 5 or 6 cents a pound. I said to him, "How much is that in ad valorem figures?" He said he did not know. I said we had some experience in the Committee on Ways and Means in figuring out the two kinds of rates, and that I would try to help him. I asked him what hides were selling at, and he said they could not sell them. He said they have them stored in their warehouses down there. He finally said he thought they were worth about $1.50 per hide. I asked him, "How much does a hide weigh?" He answered, "About 30 pounds." I said, "Then they are worth about 5 cents a pound." He said that was not far out of the way. Then I said to him, "You are asking for a duty of 5 cents a pound; that is 100 per cent." While 5 cents a pound does not seem much, nevertheless the advocates of a duty on hides are asking for 100 per cent duty, although I think the gentleman's price of hides was under the actual market value.

Mr. SLOAN. Mr. Chairman, will the gentleman yield there?

Mr. TREADWAY. I yield.

Mr. SLOAN. I presume it is available to everyone that the rate paid for hides at this time is about 15 cents a pound?

Mr. TREADWAY. That was not in accordance with the information I received from the gentleman from Texas.

Mr. SLOAN. Which is about the same price as the price that would be paid for a good steer on the hoof, whereas formerly the hide, being a very important factor of the brute, would run from one and a half to two and a half times the value per pound of the brute throughout.

Mr. BEEDY. Will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. BEEDY. The gentleman from Vermont asked a rather significant question, namely, what would a proposed increase in duty on shoes and a duty on hides mean in the increased price of shoes, and the gentleman said that would have to be worked out scientifically. It is possible this House may have to vote on this schedule, and I want to ask the gentleman if somebody on the Ways and Means Committee is going to give that information to the House?

Mr. TREADWAY. I will say to the gentleman that the present attitude of the Ways and Means Committee is that all of these articles should be on the free list. If in the judgment of the House, either through the Republican conference or the testimony we are receiving from the Members, there should be a change in the attitude of the Ways and Means Committee so that duties are recommended, then, of course, we shall expect to submit a proper schedule of compensatory rates on leather and on shoes.

Mr. BEEDY. And show us what that would mean in an increased cost of shoes to the consumer?

Mr. TREADWAY. That would have to be worked out.

Mr. BEEDY. I hope somebody will do that.

Mr. TREADWAY. It would not do to guess at the thing, and it should be done properly and scientifically if it is done at all. However, we are not certain that the bill with respect to those articles will be amended.

Mr. BEEDY. And I hope the gentleman will give us the percentage not only of the increased imports in shoes but as compared with the actual growth of production in this country; otherwise the statistics are without value.

Mr. TREADWAY. I will have a statistical table made up and insert it in the RECORD, as requested by the gentleman from Alabama.

Mr. BRIGHAM. Will the gentleman yield further?

Mr. TREADWAY. Yes.

Mr. BRIGHAM. I understand that the gentleman from Massachusetts is himself an advocate of these duties?

Mr. TREADWAY. I am going to make a definite statement on that if I can get to it.

Mr. BRIGHAM. Can not the gentleman tell us how much these duties would be reflected in the price of shoes?

Mr. TREADWAY. That has been discussed time and time again in order to get any comprehension of the reflection of a duty on hides in the prices of shoes that you and I go down street and buy it would necessarily require experience to find out what effect the duty might have on the retail price. At the same time, that has been explained on the floor both ways and you can get an opinion either way.

Mr. HALE. Will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. HALE. Does the gentleman know of any industry in this country in which domestic competition is keener than it is in the shoe industry?

Mr. TREADWAY. I do not, unless it be the cotton industry. However, the gentleman is correct. There is very keen competition in both men's and women's shoes of all grades.

Mr. WOODRUFF. Will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. WOODRUFF. As a matter of fact, would not a small duty on hides, leather, and shoes work out in this way, that it would tend to preserve the American market for the American producer and manufacturer rather than necessarily raise the price to the consumer?

Mr. TREADWAY. I hope the gentleman will discuss it in due time. I do not want to take too much time in discussing this item.

Mr. WOODRUFF. I think the gentleman could give a very brief answer which would clear that up.

Mr. TREADWAY. Of course, you have difficulty in proving your case as to what an increase in rate or duty makes in goods, because there are so many factors which go to make up the domestic price, but very largely, as the gentleman from New Hampshire has just said, the domestic price will be regulated, to a very large extent, by domestic competition.

Mr. WOODRUFF. Will the gentleman yield further?

Mr. TREADWAY. Yes.

Mr. WOODRUFF. Will not the gentleman acknowledge that it has worked much along the lines I have suggested as to many other things upon which we have a tariff.

Mr. TREADWAY. The gentleman is right. The object of any tariff is primarily to retain the American market without unduly raising prices.

Mr. WOODRUFF. And it would not necessarily raise the price to the consumer.

Mr. TREADWAY. Theoretically, we must expect that an increase in duty raises prices, but there is such a broad spread between wholesale and retail prices that very often it need not necessarily reach the consumer in the retail purchase. Does that answer the gentleman's question?

Mr. WOODRUFF. Not entirely.

Mr. HUDSPETH. Will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. HUDSPETH. Referring to the question of my friend from Maine, as to what would be the additional cost of a pair of shoes with a reasonable duty on hides, such as was carried under the Dingley Act—which was the last act carrying a duty on hides—I will refer the gentleman to a very eminent authority who testified before this committee, I think, when the Fordney-McCumber Act was under consideration, Mr. Brown, of Hamilton & Brown. Would not the gentleman consider him pretty good authority?

Mr. BEEDY. Anybody the gentleman suggests as good authority I would accept.

Mr. HUDSPETH. He said that a pair of shoes like the gentleman and myself wear, an ordinary pair of shoes, would probably be increased 10 cents a pair, while a pair of shoes like my friend, Mr. TREADWAY, wears, a business man's shoes, would be about 25 cents a pair. That was his statement.

Mr. SLOAN. Will the gentleman yield.

Mr. TREADWAY. Yes.

Mr. SLOAN. This being a session called to give relief to agriculture and also for the protection of American products, and hides being one of our principal products, as you considered it in committee, what reason is there for leaving hides, our finished product, duty free while protecting practically every other product of American industry?

Mr. TREADWAY. The gentleman has been a very eminent member of the Ways and Means Committee in past Congresses and I am sure he would not expect that a member of that committee would fail to respect the executive session conferences that we had. I can not go into the details that would bring about an answer to the gentleman's question.

I think I can say, however, in fairness, that the people representing the shoe industry, when they came before the committee, asked for a duty on shoes but did not go down the line and include hides. This was contrary to what I thought was in their best interests. I think if they had kept out of the hide proposition as a separate thing entirely, they would have had a little better case before the Ways and Means Committee. This may not have been a deciding factor in the vote of the committee, leaving all three now on the free list, but nevertheless, it was an element that the shoe people themselves were looking out for their own interests only, as does everybody else that comes before the Ways and Means Committee. The committee has to look at the composite picture, as the gentleman knows, and, therefore, eventually the attitude was taken, as reported in the bill, no duty on any one of the three, either hides, leather, or shoes.

Mr. GREEN and Mr. CELLER rose.

Mr. TREADWAY. I yield first to the gentleman from Florida.

Mr. GREEN. I was wondering if in revising the gentleman's speech he could include a schedule showing the itemized amount of each item entering into the cost of a pair of shoes.

Mr. TREADWAY. I will be very glad to do that. That is carried in our hearings.

Mr. GREEN. Including the cost of the hide and the cost of manufacture, and so forth.

Mr. TREADWAY. Yes. I now yield to the gentleman from New York.

Mr. CELLER. I will ask the gentleman from Massachusetts if it is not true that J. Franklin McIlwaine, representing the National Boot and Shoe Manufacturers' Association in the hearings, said that if there was to be a duty on shoes of 25 per cent, which is the amount that the shoe people asked, and there was to be a corresponding duty on hides, he would want a compensatory duty, in addition, on shoes.

Mr. TREADWAY. They asked for 25 per cent without any duty whatever going on hides; but, of course, it was not necessary for the Ways and Means Committee to accept their request. I do not think there is a schedule where we did accept the request of those directly interested in the items they were presenting. So that there was no reason for assuming we would have given a 25 per cent duty on shoes if we had given anything.

Mr. CELLER. May I say, without the statement being indicative of my representing any shoe interests, although in Brooklyn, where I come from, there are a great many shoe manufacturers, personally I feel that if there is to be a duty on shoes there should be a corresponding duty on hides, and I think this seems to be the sentiment of a great many Members of the House.

Mr. TREADWAY. I agree with the gentleman. I would like now, if I may, to be allowed to continue and finish my remarks about this particular duty, because my principal task is to talk cotton and I have not gotten to it yet.

This matter is of such importance to Massachusetts and to many thousands of workers in the State that the chief executive, Gov. Frank G. Allen, has sent telegrams to the President and to Members of Congress reading as follows:

> If legislation is not passed by the present Congress providing tariff protection for shoes and leather one of the principal industries in Massachusetts will be placed in grave jeopardy. In 1927 the value of boots and shoes, including cut stock and findings, manufactured in Massachusetts amounted to $321,640,706. During the same period the value of leather manufactured in this Commonwealth amounted to $77,649,457. The welfare of the people of Massachusetts will be seriously affected unless adequate protection is provided for these commodities. Massachusetts wage earners and manufacturers feel keenly that adequate protection should be afforded to an industry upon which so many of our people depend for their livelihood. As the chief executive of this Commonwealth I strongly urge the imperative necessity of providing in the pending tariff bill a duty sufficient to preserve two of our principal industries and enable the maintenance of the American standard of living for the wage earners employed therein.

Whatever arguments may be brought forward in behalf of permitting raw hides to come in free and at the same time levying duties on leather and shoes, and however thoroughly convinced the shoe industry is of the desirability of this action, it is not tenable and can not be accomplished. I am somewhat uncertain in my own mind where the benefit would result from a duty on raw hides. Whether the ranchman or cattle raiser would receive an increased price for his live cattle or, if not sold on the hoof, for his green hides, or whether the increase would be beneficial to the packing industry of the country largely centered in Chicago, I am not certain. In fact, I do not think this question can be solved other than by experience. It is, however, a fact that the cattle raiser feels he would be the gainer and is persistent in his request to Congress for a duty. For my part I am willing to give him the benefit of the doubt, and if properly brought before the House will vote for a reasonable duty on hides. This, of course, is predicated on the expectation that a compensatory duty on leather and a further compensatory duty on shoes would follow. The only other possible course to pursue is to leave the bill as reported by the Ways and Means Committee, without duty on any one of the three. Hides, leather, and shoes are so closely linked that they can not be separated in writing a tariff bill and the separation successfully defended. Either three duties must be levied or none. My personal choice is for the three duties.

The schedule in which my own district is perhaps more directly interested than any other is the paper schedule. I have no prepared notes on the paper schedule and shall only refer to it in a brief way.

The paper industry, particularly the high-grade writing paper, is a very competitive industry in this country, and while we surpass foreign countries in its manufacture, there are large importations coming into our markets at the present time.

The manufacturers of paper in this country have not asked for any special changes in tariff rates. They have asked for changes in the bill in the line of better descriptions and better explanations, in order that there should be no confusion at the customhouse.

The only material change that was taken up by our subcommittee in reference to the paper schedule had to do with newsprint.

At one time the subcommittee thought that a definition of standard newsprint should be inserted in the law, but we thought that was a matter for the officials to regulate rather than to make it a matter of law. I found I was mistaken about newsprint. I supposed the original intention of Congress was to regulate the free importation of paper actually used by newspapers. That is not correct. There is no distinction to-day, and probably should not be any distinction, on the uses made of what is known as standard newsprint paper. It can be used for other purposes than for printing newspapers, and it was the intention of Congress that it should be so used, and therefore it is not limited to newspaper publications.

I have two other items I would like to bring up before taking up the question of cotton, but, realizing the time is brief and rapidly expiring, I will not transgress the courtesy of the House. I am much interested in two changes which we have suggested in the law with reference to the administrative features. I refer to the changes in the Tariff Commission itself and the extension of the so-called flexible tariff, paragraph 315, of the present law. I will make further reference to both matters in the extension of my remarks.

We are in these two items simply carrying out the expressed opinion of the President. He said in his address to Congress that he felt that the Tariff Commission should be a more representative body, and that the salaries should be higher than are now paid. We have carried out that recommendation by making the salary for the commissioners $12,000 instead of $9,000, which they are now receiving, and we have also taken out of the law the bipartisan feature which was in the original law. That feature worked very badly in the execution of the Tariff Commission. It is for the benefit of the extension of the work of the Tariff Commission that Congress is now asked to give the entire discretion to the President in the appointment of the seven commissioners rather than limiting him to three of each party.

The provision for the extension of the flexible tariff is also of very great interest and benefit. Originally the flexible provision, section 315, was put in the law of 1922. It was probably the best that we could do at that time, but it has not been entirely satisfactory in operation. For instance, it has taken three years, and in some instances longer than that, to secure a report after the hearing has occurred before the Tariff Commission. The tariff question that follows an investigation relative to cost of the imported articles in competition with our own requires in many instances a visit to foreign factories. It is found, of course, that the moment a representative of the Tariff Commission appears in a foreign factory the foreign manufacturer at once gives him the cold shoulder and asks him to walk out. They certainly have no desire to give us the accurate cost of products when we are looking for information by which to levy a duty against their importations. It is impractical and impossible to put the paragraph into successful operation. That is one of the changes that we are recommending. There are other changes somewhat technical in their nature, and I ask your attention to those changes we are asking for because it will be of very great advantage. The additional statement is as follows:

REORGANIZATION OF TARIFF COMMISSION AND FLEXIBLE PROVISION

There are two matters dealt with in the administrative sections of the bill which will be of the utmost importance in the administration of the customs laws and the levying of proper rates in order to bring about the collection of correct duties. I refer to the recommendations in the bill for the reorganization of the Tariff Commission and the rewriting of the provisions of the flexible tariff clause.

These are two subjects in which I have been deeply interested for a long time, and I have referred to both of them frequently in remarks I have had occasion to make in my district and elsewhere.

The attention of Congress was called to both these features in the President's message to Congress. In this connection permit me to again quote from his message of April 16:

I am impressed with the fact that we also need important revision in some of the administrative phases of the tariff. The Tariff Commission should be reorganized and placed upon a basis of higher salaries in order that we may at all times command men of the broadest attainments. Seven years of experience have proved the principle of flexible tariff to be practical, and in the long view a most important principle to maintain. However, the basis upon which the Tariff Commission makes its recommendations to the President for administrative changes in the rates of duty should be made more automatic and more comprehensive, to the end that the time required for determinations by the Tariff Commission shall be greatly shortened. The formula upon which the commission must now act often requires that years be consumed in reaching conclusions where it should require only months. Its very purpose is defeated by delays. I believe a formula can be found that will insure rapid and accurate determination of needed changes in rates. With such strengthening of the Tariff Commission and of its basis for action many secondary changes in tariff can well be left to action by the commission, which at the same time will give complete security to industry for the future.

Furthermore, considerable weaknesses on the administrative side of the tariff have developed, especially in the valuations for assessments of duty. There are cases of undervaluations that are difficult to discover without access to the books of foreign manufacturers, which they are reluctant to offer. This has become also a great source of friction abroad. There is increasing shipment of goods on consignment, particularly by foreign shippers to concerns that they control in the United States, and this practice makes valuations difficult to determine. I believe it is desirable to furnish to the Treasury a sounder basis for valuation in these and other cases.

We have carried out his recommendation "that the Tariff Commission should be reorganized and placed upon a basis of higher salaries in order that we may at all times command men of the broadest attainments."

The present commission functions under authority contained in section 700 of the revenue act of 1916. Its salaries are there fixed, its duties are there prescribed, with the exception of that part having to do with gathering information for Congress and its investigations for report to the President and to the Congress. These sections were contained in the tariff act of 1922 and were new matter at that time.

We have now combined all the administrative sections of the law in part 2 of Title III, section 330, et seq., so that the authority for the Tariff Commission will now be found where it rightly belongs, namely, in the tariff law. Sections 700 and 701 have been omitted from the bill and section 320, referring to the organization of the commission, states that—

The United States Tariff Commission shall be composed of seven commissioners, to be hereafter appointed by the President, by and with the advice and consent of the Senate; but each member now in office shall continue to serve until his successor (as designated by the President at the time of nomination) takes office. No person shall be eligible for appointment as a commissioner unless he is a citizen of the United States, and, in the judgment of the President, is possessed of qualifications requisite for developing expert knowledge of tariff problems and efficiency in administering the provisions of Part II of this title.

In conformity with the President's recommendation that the salaries should be increased, section 330 (c) provides that the salaries shall be $12,000 per year instead of $9,000, the present salary, which is granted under the Welch Act in place of the original $7,500. We also recommend that the salary of the secretary of the commission shall be $7,500 instead of $5,200.

Section 315 of the present law, known as the flexible tariff provision, was a new proposition in the law of 1922 and gave new powers to the President relative to tariff rates. It has been quite successful in its application and of great value. Experience has shown, however, that the clause is too circumscribed to make it as effective as was the intention of Congress in writing the provision. Accordingly, section 315 has been largely omitted and a new section, 336, has been substituted in this bill.

Section 315 of the present law provided for the readjustment of tariff rates by the President upon the basis of equalizing costs of production in the United States and the principal competing country. This formula proved defective in at least three important respects. First, the ascertainment of costs of production, despite having the appearance of being merely a mathematical computation, was usually most difficult of ascertainment, even assuming all requests for information were readily supplied. It also had the difficulties of all matters of valuation, namely, the decision as to what factors should be considered

in ascertaining costs of production and the relative weight to be given these factors. Second, the opportunity to investigate foreign manufacturers' books and plants in order to ascertain costs of production was frequently denied. Third, the equalization of costs of production frequently did not result in equality of competitive conditions in the domestic market.

In order to remedy these difficulties, the present bill in section 336, requires an adjustment of tariff duties by the President on the basis of equality of competitive conditions in the principal domestic market rather than on the basis of equality of cost of production. The bill provides that in ascertaining differences in conditions of competition for domestic articles and like or similar competitive articles in the principal domestic market, there may be taken as a starting point for comparison in the case of the domestic article either its cost of production or its wholesale market price, and, in the case of the imported article, either its cost of production or its invoice price or its import cost. No matter what item is used as a starting point as to either the domestic or imported article, there is to be added to that item all the other costs necessary to bring the article into the principal domestic market, as for instance, transportation costs and packing charges.

The limitations of existing law, namely, that in making the adjustment to equalize competitive conditions the rates expressly fixed by law are not to be increased or decreased more than 50 per cent and no change is to be made from the free to the dutiable list or vice versa, are preserved. In case, however, these limitations result in making it impossible to fix rates that will equalize competitive conditions, the provisions of existing law that the new rate may be based upon American selling price is preserved, but subject to the limitation of existing law that, in the event any rate is so based, nevertheless it may not be increased above the rate expressly fixed by law and may not be decreased more than 50 per cent below the rate expressly fixed by law.

In changing the basis of adjustment from equality of cost of production to equality of competitive conditions, it is felt that not only is a fair basis used but that the action of the President and the Tariff Commission will be greatly speeded up by reason of the fact that it is not made mandatory that the President shall ascertain the foreign costs of production before making any adjustments. In order further to speed up the work of readjustment of rates, the present bill includes several definitions for the guidance of the commission. Among these is definition which sets forth certain elements to be included in the cost of production in the event that item is used in connection with the equalization of competitive conditions. Furthermore, there is a definition of principal competing country and of what constitutes like or similar competitive imported article.

Finally, it may be said that while there are certain elements of costs like transportation costs and export taxes, which have proved difficult of computation, the present bill does not attempt to define these. It leaves them to be ascertained as an administrative matter by the President and the Tariff Commission just as under existing law. This is done for the reason that the committee believes that accurate definition can not be prescribed by the Congress without further extensive investigation for which time is not now available.

Irrespective of what our Democratic friends may tell us as to the effect of this item, the language of the bill is plain. It will permit reliable information being provided to the President within a reasonable length of time so that such information can be utilized in rewriting rates in conformity with the intention of Congress in giving the President latitude within the range of 50 per cent up or down on tariff rates.

The old flexible tariff provision has been impractical in operation, although the theory has proven itself to be an excellent one; the length of time required for investigations has nullified the value of the findings, the bipartisan division of the commission has seriously handicapped the presentation of information, and all together the section has been more or less unworkable and unsatisfactory. As before stated, it was a new law in 1922 and probably it was the best we could do at that time, but in the light of the experience gained since then a change is almost imperative. We feel we have properly carried out the recommendations of the President in his first message to the Seventy-first Congress.

I will now take up the subject of cotton.

COTTON

As each Republican Member will be expected to state his views in reference to the schedule handled by the subcommittee of which he was chairman, I will endeavor to explain to some extent the cotton schedule.

Perhaps in all our varied industries and their relations to the tariff there is nothing more complicated or harder to understand than the cotton schedule. One of our colleagues a few days ago asked me about a particular item. I referred him to the paragraph in the bill and read him the language. He asked for a further explanation, as he said the language meant little to anyone who was not familiar with the subject. I agree that the language is confusing, but at the same time if a layman understands the basis on which it is written I think he can form a fair comprehension of it.

In order to make it as plain as possible I shall refer to the chart before us. First, however, I wish to state that all cotton duties are based on the free raw material. I can see no logical reason for a duty on cotton, and many reasons can be advanced against such a duty. I am aware that the eloquent gentleman from Mississippi, who made a most interesting plea before the committee for a duty on cotton, will disagree with my statement. But, on the other hand, it is an established fact that such small quantity of raw cotton as is imported into this country is not comparable with any product grown here. No rate of duty could bring about protection of cotton similar to the long-staple Egyptian cotton, which is, in reality, the only cotton imported into this country in any quantity.

The real reason for tariff rates is competitive rivalry in foreign production. No one denies that, owing to the ravages of the boll weevil, production of sea-island cotton is not possible in this country. Tariff rates can not rehabilitate that production, not even if Congress should be willing to vote a subsidy to producers of that staple.

Authentic testimony has been submitted that the particular uses made in this country of Egyptian cotton have no satisfactory substitute in any cotton grown here. Admitting this to be true, a duty on cotton would simply raise the cost of the entire cotton structure. Another effect very likely would be to stimulate the growth of cotton in foreign countries where the climate is suitable in order to supply a portion of the present large export market of this country. Census figures show that in 1928 the total American cotton crop amounted to 6,945,928,500 pounds, and that the total quantity exported was 4,579,426,432 pounds.

A duty on raw cotton would naturally mean a compensatory increase throughout the cotton schedule, and, therefore, every yard of cloth purchased by the people who grow cotton in the South would cost them an advanced price.

The whole argument of a duty on raw cotton is fundamentally wrong, and the best friends of the cotton grower are not the ones who will advocate on this floor a change in the long-established American principle.

Domestic cotton-spinning industry: Spindles in place, active and idle

Year	Total	Active	Idle
Ending July 31—			
1923	37,408,689	36,260,001	1,148,688
1924	37,804,048	35,849,338	1,954,710
1925	37,928,792	35,032,246	2,896,546
1926	37,586,166	34,750,266	2,835,900
1927	36,695,516	34,409,910	2,285,606
1928	35,539,956	33,569,792	1,970,164
8 months ending Mar. 31, 1929	35,305,908	31,103,998	4,201,910

RATES OF DUTY

In proceeding to discuss the rates of duty recommended by the committee, let me first say we have greatly simplified the entire schedule by the elimination of specific rates and using only ad valorem rates. It was found that in only four brackets of the progressive steps in the schedule were there any importations under the specific rates, but that in all other instances the minimum ad valorems applied.

In the increased rates it is not thought there is likely to be any importations that would, if specific rates were written, be imported under that system.

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. WHITTINGTON. Is it not true that Mr. John C. Clark, of the Clark Thread Co., in response to a question propounded in the hearings by Mr. COLLIER, of Mississippi, answered that Delta staple cotton could be substituted for the Egyptian upper or short cotton, which amounted to about 165,000 bales of the 200,000 bales imported, and I am reading from the hearings when I ask that question.

Mr. TREADWAY. The gentleman is quoting the hearings correctly.

Mr. WHITTINGTON. And is it true that Delta staple cotton——

Mr. TREADWAY. Oh, the statement of one gentleman does not make that proof. Several gentlemen stated just the reverse.

Mr. WHITTINGTON. Is there any statement anywhere in the hearings on the part of witnesses that Delta staple can not be substituted for Egyptian uppers or Egyptian shorts for the most part?

Mr. TREADWAY. I do not think that is correct either. I think that every user of Egyptian cotton says that the product from that Egyptian cotton is more satisfactory to the customers in whatever form it is used than is any cotton grown in this country. That is the burden of the testimony that we received.

Mr. WHITTINGTON. Is it not a fair statement that there is no substitute for about 50,000 bales only of Egyptian cotton, and that there can be substituted the domestic cotton for the remaining 150,000 bales?

Mr. TREADWAY. I do not agree that there is any actual substitute except sea-island cotton which the gentleman acknowledges himself can not be grown at this time in this country.

Mr. WHITTINGTON. My judgment is that if the growers of sea-island cotton were encouraged by a reasonable tariff, we would come back to the production of sea-island cotton sooner or later.

Mr. TREADWAY. Then may I ask the gentleman whether any rate of duty can overcome a natural pest? That is exactly the proposition that the gentleman is making.

Mr. WHITTINGTON. Protection accorded to the manufacturers would encourage the production of long-staple cotton, because we would still have the lands with us. The conditions are more difficult, but a reasonable protection from foreign labor would enable the growers to produce a reasonable amount of staple cotton.

Mr. TREADWAY. I like the gentleman's insidious argument, if that is a proper term for it, but it can be made in relation to every conceivable product in this country. It is, in effect, that if we make a rate of duty high enough to do certain things it will encourage somebody to carry on that line of business. That is the argument, but that is not the basis on which a tariff bill should be written. It should not be written on expectations. It is on the results, it is on the history, it is on the past experience, it is on our record that tariff bills are written, not upon expectations of what can be done if something else is done for a particular product. That is the argument of the gentleman from Mississippi at this time. He is urging a duty on his particular cotton in order that the growers of that kind of cotton in this country can be encouraged, and then, forsooth, give them sufficient encouragement to overcome a great natural pest. I can not see that argument. I do not think it is a fair argument in any sense. Further than that, there are so many other complications in relation to any possible duty on cotton that even if we admitted that the gentleman's argument were sound, you nevertheless can go back to the proposition that you ought not to put a duty on any kind of cotton grown in this country.

Mr. WHITTINGTON. Would not that same argument preclude any duty on wool?

Mr. TREADWAY. No; not at all. The greatest product that we export out of the country is cotton.

Mr. WHITTINGTON. But not staple cotton.

Mr. TREADWAY. We have to import wool; we can not grow, even with the additional duty that we are offering the wool growers of the West in this bill, enough wool in this country to satisfy the American needs, but we import twice as much as we grow in this country. On the other hand, we export a large proportion of our cotton.

Mr. WHITTINGTON. Do not the hearings disclose that our production of staple cotton is a hundred thousand bales?

Mr. TREADWAY. The gentleman is looking to protect one particular kind of cotton raised in the Delta lands of Mississippi, which he so ably represents. I submit that if we are going to put a duty on cotton for anybody that we ought to put it on for all, every grower in the country, not just a section of the country. I want to add one other thought in that connection. The gentleman in advocating a duty on cotton has never yet shown us how in the analysis necessary of an importation of cloth he could separate his staple cotton from all other cotton imported in the form of cloth. It is the most impracticable thing to conceive of in connection with the administration of the tariff law, namely, the ability to find the kind of staple that goes into any piece of cloth imported into this country, because you lose your staple after your product is manufactured.

Mr. WHITTINGTON. Did not the testimony show that this cotton is made now in Arizona and California and New Mexico?

Mr. TREADWAY. Yes. I am sorry I have taken up so much time in this discussion, but we have had no end of evidence in the hearings and also we have information obtained by our personal inspection of the cotton section, both in the North and in the South, that the Pima cotton is not a satisfactory substitute for the uses that are made of a certain kind of Egyptian cotton. It has not the same kind of a fiber. It is of a coarser grade. It does not make the same finished product. The customers of the people using the cotton say they will pay more under certain circumstances for certain purposes for the Egyptian cotton. Now, I feel that that is as far as I can go in the discussion.

Mr. WHITTINGTON. That only applies to from 150,000 to 300,000 bales.

Mr. TREADWAY. It applies to your duty on cotton, which, I think, is impossible to carry into effect. It would be a serious handicap on our export trade. We are not importers except as to a very few bales. We are exporters.

Mr. DENISON. Mr. Chairman, will the gentleman yield there?

Mr. TREADWAY. Yes.

Mr. DENISON. The gentleman made one statement which I do not think is quite correct, when he said that the argument in favor of the protective tariff is not based at all on the idea of encouraging an industry in this country. I have understood it differently.

Mr. TREADWAY. I thank the gentleman for correcting me. I did not exactly mean that. We aim, of course, to encourage an infant industry; but where an article, such as cotton, has been grown so long in his country, I can not see why expectation should be the measure of a duty on such an article. This is a theory that is being advocated here, not a reality, because the cotton situation has been known in this country for an unknown period and there is no more reason for laying a duty on it now than there has ever been.

Mr. DENISON. I recall that when a duty was asked for on chinaware we were told that if we put a duty on chinaware we would encourage the manufacture of china in this country, and we put on that duty, and we developed the Lennox ware.

Mr. TREADWAY. That is not in competition with Japan. The manufacturers of Lennox ware would not feel complimented by comparing their product with Japanese ware.

Mr. DENISON. I said we put a duty on chinaware in order to encourage the development of that industry.

Mr. TREADWAY. I think that is as long as I wish to intrude myself on the patience of the House on that point. Now I would like to proceed if I may without interruption.

Mr. WHITTINGTON. Does not the gentleman think it is just as important to encourage agriculture in this country as it is to encourage manufacturing industry?

Mr. TREADWAY. Yes. I have advocated all the agricultural duties in this bill, and I am asking you now to join me in an extra duty on tobacco, but I can not get it.

Mr. GARNER. I understand the two schedules the gentleman is interested in is the cotton schedule and the paper schedule. The gentleman has given his reasons for not favoring a duty on cotton. Will the gentleman give us his reasons why you do not wish a duty on casein?

Mr. TREADWAY. I will be glad to devote a couple of minutes on casein. The present rate of duty on casein is 2½ cents a pound. The agricultural interests have asked for a duty of 8 cents a pound. The story of casein is this: Casein is manufactured from skimmed milk. It is the only product of skimmed milk in Argentina. The production is controlled by a comparatively small number of producers. They make that casein in a uniform manner, and the records show that the manufacturers of coated paper and other articles where casein is used will pay a considerably higher rate for Argentina casein than they will pay for American casein.

That is the story. You can not get a good article merely by putting a tariff on it. That is not the process. The result of a higher duty on casein will not help the American farmers to sell their skimmed milk. They have already an ample market for the sale of skimmed milk, and that is in the manufacture of milk powder and condensed milk and allied commodities. But if they went into the manufacture of casein on a large scale they would force the coated-paper people out of business, because every cent of duty added means $1.20 extra per ton in the cost of the manufacture of paper. It is not going to help the skimmed-milk man in this country, because he can not produce the kind and quality of casein that the better grade of paper

requires. It would simply mean another effort to raise the cost of an American article to the American manufacturer. We have telegrams and messages from people in various sections in relation to that very question.

Mr. GARNER. Mr. Chairman, will the gentleman yield in that connection?

Mr. TREADWAY. Yes.

Mr. GARNER. I understand the reasons why you did not give an additional duty on casein were two.

First, that the American people have not the ingenuity to produce a uniform quality.

Mr. TREADWAY. No; the gentleman should be accurate.

Mr. GARNER. The gentleman said that is the reason they were buying it, because it was more uniform in Argentina than in the United States. The second proposition was that it would not do the skim-milk people any good. Does the gentleman admit the Agricultural Department's statement to be correct, that 10,000,000,000 pounds of skim milk are wasted in this country each year?

Mr. TREADWAY. The gentleman is not correct in saying that I thought the American farmer did not have ingenuity enough to make good casein. He probably has that ingenuity, but the users of casein want a uniform casein. Now, as I understand it, Minnesota, perhaps more particularly California, are the great skim-milk sections at the present time. The California product is a good product and can be substituted for such casein as is imported to-day from France, but the rest of the product of skim milk throughout the country would simply be a by-product, not made scientifically and not made uniformly, as is done in Argentina. The whole crux of the thing is in the fact that to-day you can buy all the American-made casein you want; there is plenty of it to be had in this country, but the users of casein will pay a higher price for the Argentine product.

Mr. BURTNESS. Will the gentleman yield?

Mr. TREADWAY. I can not yield further. I only yielded to the gentleman from Texas because of my long association with him, a very delightful association, and, of course, I have had a delightful association with the gentleman from North Dakota, but I do want to say something about cotton. I will discuss casein some other time if necessary.

Now, let me return to the subject of cotton.

The increased rates are not what the manufacturing interests asked for. They are not what some friends of cotton manufacturers in this House feel should be granted, but in the judgment of the committee they will bear the most careful scrutiny and will be found to be based on the actual needs of the industry, due consideration being given at the same time to the rights of the consumers to prevent their being forced to pay undue advances in the prices of goods.

In general terms, the depression in the cotton textile trade, as shown by statistics, justifies increased rates with a view to having a larger part of the goods used in this country of cotton texture made here in our American mills by American labor. While there has been a change in cotton production and the mills recently erected in Southern States have taken from the North a percentage of coarser production and the making of gray goods, the finer textures made in the mills of New England are being imported in such large quantities under present tariff rates that thousands of spindles in our mills are to-day idle.

In a recent visit to some of the larger mills in New England the sight of hundreds of looms standing idle and covering acres of floor space spoke more eloquently of the needs of higher rates than any words that could be uttered on the floor of this House.

PARAGRAPH 906

I desire to make special reference to paragraph 906, which is an entirely new item, reading as follows:

PAR. 906. Cloth, in chief value of cotton, containing wool, 60 per cent ad valorem.

The reason for the paragraph and for the rate of duty recommended is the fact that since the present tariff act was written importations have grown from year to year, so that now the quantity is formidable, of cheap cloth made in Italy from cotton, containing a small amount of wool, and used in imitation, almost to the point of deception, of woolen cloth in men's and boys' suits. This competition is spelling disaster to the makers of moderate-priced woolen goods in this country.

CHART

I will now endeavor to explain this chart [indicating]. This lower line represents the average yarn number. The first two progressive lines represent yarn. The ones in green represent yarn; the ones in red represent unbleached, bleached, and colored cloths, and the ones in blue represent various other manufactures of cotton cloth. These on the right are the eo nomine articles actually named in the bill.

[The chart referred to is found on page 1288.]

Various advances over the present law, justified as they are in all instances by increased importations or development of new lines of manufacture abroad, are provided in the countable cloths and yarns by a change of the length of the line of progression as well as the percentage of the progressive step-ups.

In the present law the line of progression ceases at 80 average yarn number, and the ad valorem rates from that point on continue in a straight line. In other words, they do not increase beyond 80 yarn number.

The rate of progression on yarns, starting at 5 per cent ad valorem, increases at the progressive rate of 0.30 per cent per number per pound up to 90, where it reaches 32 per cent ad valorem and thereafter remains constant.

At this point let me define the term average yarn number. It is the number of hanks of 840 yards contained in a pound of yarn. In other words, No. 1 yarn is 840 yards long per pound. No. 10 yarn measures 8,400 yards per pound, and No. 50 yarn measures 42,000 yards per pound. No. 100 measures 84,000 yards, and so on.

Duties on bleached and unbleached cloths start at the same basic and advanced rate in the new bill as in the present law, but progress by 0.35 per cent per number rather than by one-fourth of 1 per cent per number, and proceed by progressive steps to yarn No. 90, rather than stopping at yarn count 80.

I will submit with my remarks a table showing a comparison between the present law and the rates suggested in H. R. 2667 covering countable yarn and cloths.

As the rate of duty on cloth is much more important than that on yarn, I will illustrate with the rate on ordinary bleached cloth, showing the progressive duties that would be applied in each variation of 10 counts of average yarn number on cloth of that nature.

The starting point in this bill, as well as in the present law, is 13 per cent ad valorem.

On No. 1 yarn the rate would be 13.35 per cent ad valorem, on No. 10 yarn the rate would be 16.50 per cent ad valorem, on No. 20 yarn the rate would be 20 per cent ad valorem, on No. 30 yarn the rate would be 23.50 per cent ad valorem, on No. 40 yarn the rate would be 27 per cent ad valorem, on No. 50 yarn the rate would be 30.50 per cent ad valorem, on No. 60 yarn the rate would be 34 per cent ad valorem, on No. 70 yarn the rate would be 37.50 per cent ad valorem, on No. 80 yarn the rate would be 41 per cent ad valorem, on No. 90 yarn the rate would be 44.50 per cent ad valorem, and above 90 continuing at 44.50 per cent ad valorem.

The rates on unbleached cloth are 3 per cent less than on the bleached, starting at 10 per cent ad valorem. The rates on colored cloths are 3 per cent higher, starting at 16 per cent ad valorem, so that on unbleached cloths the rate is 41½ per cent at 90 yarn count and upward, on bleached cloths 44½ per cent, and on colored cloths 47½ per cent.

The great bulk of cloths in competition with American production run from 70-yarn count to 100; there is also some importation in lower numbers. For instance, tire fabrics, to which reference has been made, have about a 23-yarn number, and there is a separate item in the present law for tire fabrics.

There are practically no importations of tire fabric into this country. We therefore thought there was no occasion for having a separate paragraph for tire fabric, and we took it out of the special paragraph and had it included in the countable cotton cloths. This will give the average tire fabric a rate of duty of about 17 per cent ad valorem.

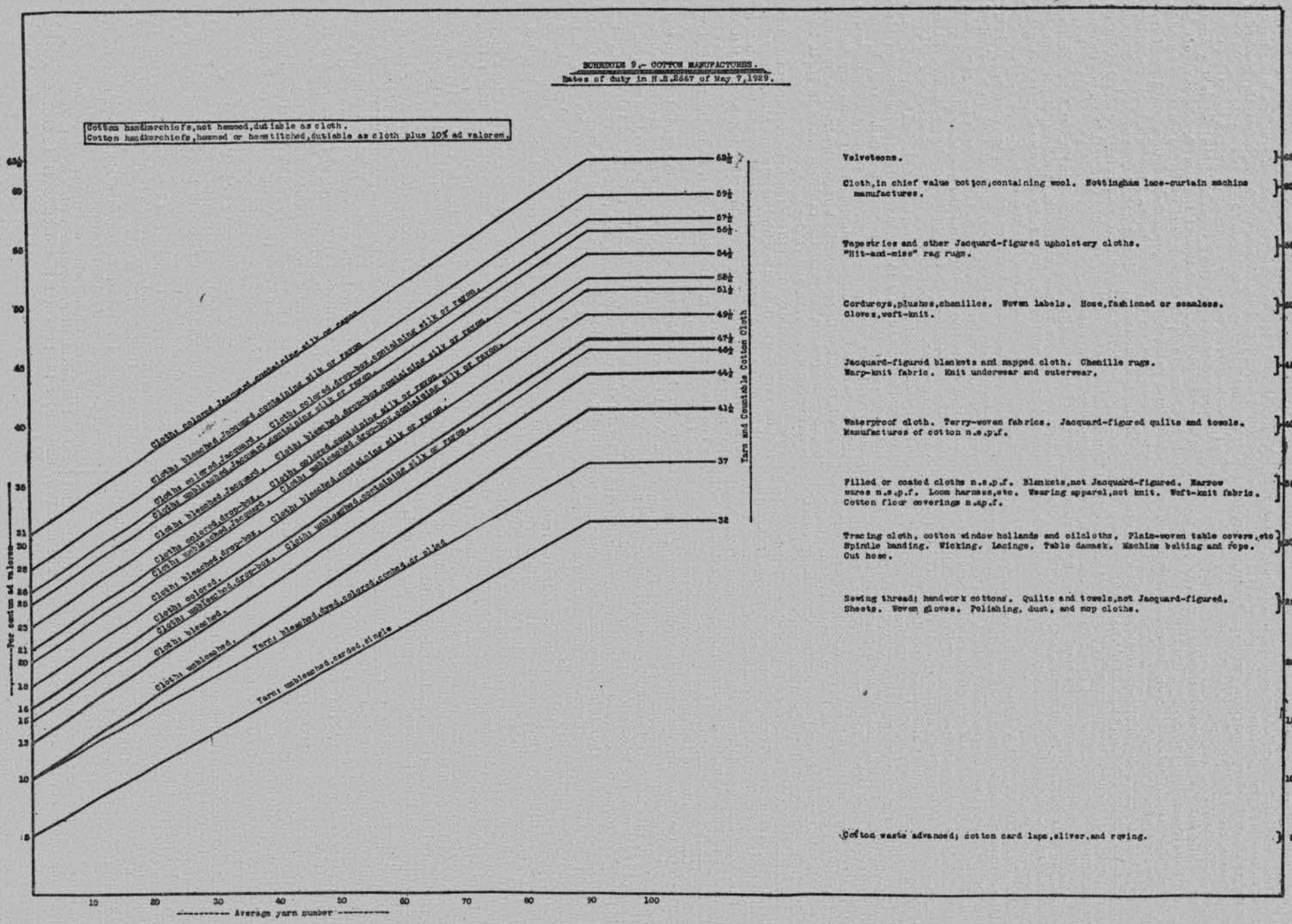
DESCRIPTION OF SAMPLES OF CLOTH

I now desire to exhibit some sample cloths in order to give you actual illustrations. (These will be explained from samples shown on the floor.)

These cloths appear in paragraphs 903 and 906 of the act of 1922, but for the sake of convenience are combined in paragraph 904 of H. R. 2667.

The samples I have are of imported cloths and may be regarded as typical cotton-cloth patterns.

I submit herewith a table descriptive of the six samples which I am exhibiting, together with comparisons of rates of duty under the present law and under H. R. 2667.


SCHEDULE 9.- COTTON MANUFACTURES.
Rates of duty in H.R.2667 of May 7,1929.
Cotton handkerchiefs,not hemmed,dutiable as cloth.
Cotton handkerchiefs,hemmed or hemstitched,dutiable as cloth plus 10% ad valorem.
Cloths colored,jacquard,containing silk or rayon
Cloths bleached,jacquard,containing silk or rayon
Cloths colored,jacquard, Cloths colored,drop-box,containing silk or rayon,
Cloths unbleached,jacquard,containing silk or rayon,
Cloths bleached,jacquard, Cloths bleached,drop-box,containing silk or rayon,
Cloths colored,drop-box, Cloths colored,containing silk or rayon,
Cloths unbleached,jacquard, Cloths unbleached,drop-box,containing silk or rayon,
Cloths bleached,drop-box, Cloths bleached,containing silk or rayon,
Cloths colored, Cloths unbleached,containing silk or rayon,
Cloths unbleached, Cloths bleached,
Yarns unbleached,carded,single
Yarns bleached,dyed,colored,combed or plied
Yarn and Countable Cotton Cloth
Per centum ad valorem
Average yarn number
10 20 30 40 50 60 70 80 90 100
63½ 59½ 57½ 56½ 54½ 52½ 51½ 49½ 47½ 46½ 44½ 41½ 37 32
Velveteens.
Cloth,in chief value cotton,containing wool. Nottingham lace-curtain machine manufactures.
Tapestries and other Jacquard-figured upholstery cloths. "Hit-and-miss" rag rugs.
Corduroys,plushes,chenilles. Woven labels. Hose,fashioned or seamless. Gloves,weft-knit.
Jacquard-figured blankets and napped cloth. Chenille rugs. Warp-knit fabric. Knit underwear and outerwear.
Waterproof cloth. Terry-woven fabrics. Jacquard-figured quilts and towels. Manufactures of cotton n.s.p.f.
Filled or coated cloths n.s.p.f. Blankets,not Jacquard-figured. Narrow wares n.s.p.f. Loom harness,etc. Wearing apparel,not knit. Weft-knit fabric. Cotton floor coverings n.s.p.f.
Tracing cloth, cotton window hollands and oilcloths. Plain-woven table covers,etc. Spindle banding. Wicking. Lacings. Table damask. Machine belting and rope. Cut hose.
Sewing thread; handwork cottons. Quilts and towels,not Jacquard-figured. Sheets. Woven gloves. Polishing, dust, and mop cloths.
Cotton waste advanced; cotton card lape,sliver,and roving.

Countable cotton cloth

[Comparison of rates of duty provided in paragraphs 903 and 906 of the tariff act of 1922 with the rates of duty provided in paragraph 904 of H. R. 2667 of 1929 on certain imported cotton cloths]

Name of cloth	Width	Ends and picks per square inch	Linear yards per pound	Average yarn number	Rate of duty	
					Act of 1922 (minimum ad valorem)	H. R. 2667, 1929 (ad valorem)
	Inches				*Per cent*	*Per cent*
Ply-yarn broadcloth, unbleached	37½	144 by 76	4.50	88	32.00	40.80
Ply-yarn broadcloth, bleached	36	148 by 72	5.83	109	40.25	51.15
Permanent-finish organdie, bleached	45	96 by 78	10.50	97	37.25	46.95
Venetian lining, 8-harness, dyed	54	156 by 78	1.92	48	40.00	42.80
Dotted Swiss, colored, swivel-woven	30½	74 by 62	11.80	58	43.12	46.30
Madras shirting, colored, Jacquard	32	132 by 120	8.25	79	49.68	53.65
Striped shirting, with 2 per cent rayon	32	104 by 72	7.25	48	35.00	37.80

I want now to exhibit to you some samples of cloth of these various types of goods. This [indicating] is the difference between a bleached and an unbleached pattern of cotton broadcloth shirting. The rate of duty in the present law on this line of goods, with the yarn number at 109—you see, it is a high yarn number count—is 32 per cent. In the present bill we are advocating a rate of 40.8 per cent.

These are various patterns of goods that I must not take the time to discuss. Here is a Venetian lining [indicating], average yarn No. 48, and the present duty is 40 per cent, and under H. R. 2667 it would be 42.8 per cent.

The CHAIRMAN. The time of the gentleman from Massachusetts has again expired.

Mr. HAWLEY. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. TREADWAY. Here is an interesting pattern because men probably like goods like this. This is a madras shirting. The average yarn number is 79 and it is a Jacquard figure which would therefore take it in the Jacquard figure rating, at the yarn count of 79, and the rate of duty in the present law is 49.68 per cent, and under the new law it will be 53.65 per cent.

I have several other samples, but my time is nearly over.

In other words, it has been the intent of the committee to make these increases on the higher yarn counts where the greater need exists for protection of American labor.

I have a number of tables that I wish I had the time to refer to, but the committee has been extremely courteous to me in giving me this long hearing. I wish the House would give careful study to this chart [indicating]. I have secured permission to have a reprint of it put in the RECORD, and I think by studying and understanding these various lines of progression one can very readily see what the duties are that we are recommending on the manufactured product. The committee feels, and I think the House will agree, that raw cotton should remain on the free list in view of the fact, as we have argued back and forth here, that raw cotton is one of the greatest—in fact, the greatest—export product we have. There is no occasion for a duty to be placed upon an article that we export so much more of than we import; and further than this, even if thought were given to a duty on cotton, it would undoubtedly create more or less of an interest in other countries to encourage the growth of cotton rather than import our cotton which is not dutiable at the present time.

Mr. GARNER. The gentleman has a little time remaining; will the gentleman permit one question?

Mr. TREADWAY. Yes.

Mr. GARNER. The gentleman said he is not in favor of a duty on anything that we export so much more of than we import. How about a duty on wheat; how about a duty on fabricated steel, where there is $160,000,000 exported and $31,000,000 imported? Would the gentleman explain his position on that, in view of the statement he has just made?

Mr. TREADWAY. I believe our good friend, Mr. BACHARACH, took up the subject of steel yesterday, and if the gentleman from Texas did not receive sufficient enlightenment and information from him, I have no doubt that at some future time the gentleman from New Jersey will be pleased again to enlighten our good friend from Texas on the steel question.

I thank the committee. [Applause.]

The CHAIRMAN. The time of the gentleman from Massachusetts has again expired.

Mr. TREADWAY. My time having again expired and so many interruptions having taken place, which I welcomed, I will include in my extension the remainder of my prepared remarks, which are as follows:

RAW COTTON

Let me analyze the request that has been made for a duty on raw cotton, as found following page 8439 of the hearings. The rates advocated are as stated in the following table. These recommendations were supplemented by those appearing on page 8461, when Congressman SWING, of California, suggested a rate of 10 cents per pound on cotton over 1⅛ inches in length of staple. In this connection I submit the average price of middling cotton during the past five cotton years. Supplementing the recommendations of the witnesses for the duty on cotton, I add a table on middling cotton, showing the average spot price paid during the last five cotton years, as follows:

Raw cotton—Rates of duty advocated

[Source: Hearings, p. 8439]

Staple length	Cents per pound	Staple length	Cents per pound
1/16-inch	7	1 3/16-inch	15
1/8-inch	8	1 1/4-inch	16
1 3/16-inch	9	1 5/16-inch	17
1 1/4-inch	10	1 3/8-inch	18
1 5/16-inch	11	1 7/16-inch	20
1 3/8-inch	12	1 1/2-inch	22
1 1/4-inch	14	1 5/8-inch or longer	24

The above rates of duty were advocated by the Staple Cotton Cooperative Association of Mississippi.

Cotton, middling—Average spot price per pound at 10 markets combined, crop years ended July 31, 1923–24, to 1927–28, inclusive

[Source: Yearbook of Agriculture, 1927, U. S. Department of Agriculture (1913 to December, 1927, inclusive): Crops and Markets, U. S. Department of Agriculture (January–July, 1928, inclusive)]

Year—	Cents per pound
1923–24	30.14
1924–25	24.22
1925–26	19.68
1926–27	14.40
1927–28	19.72

The request for a duty made at the hearings starts at 1 1/16 inches. Assuming that this grade would sell in the market at a cent or 2 cents more than the middling rate shown in the table, the corresponding value of the 1 1/16-inch cotton would be about 21 cents. The rate of duty asked for of 7 cents means that the request is for 33⅓ per cent ad valorem on cotton of 1 1/16 inches. The variations in rate on up to 1⅝ inches, where the request is for 24 cents per pound, would be equivalent to over 50 per cent.

The request of Congressman SWING, as referred to on page 8461 of the hearings, for 10 cents per pound over 1⅛ inches in length, allowing the premium of 2¼ cents for 1⅛-inch length, would make the market value about 22 cents. A rate of duty of 10 cents per pound would make the rate of duty 45.45 per cent ad valorem.

The United States is the greatest producer of cotton in the world, supplying over one-half the total world production. The domestic crop can not be consumed in this country. There is a tremendous surplus for export. Domestic exports of cotton in the crop year 1927–28 amounted to 7,500,000 bales, which was over 58 per cent of the total domestic production. However much we regret the plight of the cotton grower in years of large yield, when the price of cotton is depressed below the general price level, we can not alleviate his suffering by a tariff on short-staple cotton, which constitutes 95 per cent of all the cotton grown in the United States. The price of short-staple cotton is obviously determined in world markets. According to the grade and staple report of the Department of Agriculture on cotton produced in 1928, about 4.4 per cent of the American crop is long-staple upland cotton. On this cotton duties, graduated according to length of staple, have been advocated by witnesses. It is exceedingly doubtful if duties on these staples would be of the slightest benefit to growers. Unfortunately exact figures of production and consumption are available only for one season. The report referred to above showed a production of 632,216 bales of upland cotton having a staple length of 1⅛ inches and over in 1928. The report of the same bureau for the same type of cotton consumed in the United States in the crop year ended July 31, 1928, was 537,826 bales, indicating that about 94,000 bales would be available for export. The gentleman from Mississippi [Mr. WHITTINGTON] states that about 25 per cent of the crop is exported (Hearings, p. 8441) which would make the amount usually available for export over

100,000 bales. Cotton competitive with upland long-staple is only the Egyptian uppers and a small amount of cotton from Peru. For the last five cotton-crop years the annual average imports of all cotton from Egypt were 205,342 equivalent 500-pound bales, and from Peru 18,830 equivalent 500-pound bales, a total of 224,173 bales. During the same period imports of cotton over 1⅜ inches in length of staple, statistics not available by countries, averaged 112,264 bales, leaving an annual average of 111,908 bales of cotton possibly competitive with long-staple upland. Some of the Peruvian cotton included in this last figure is a special type used for mixing with wool and not competitive with the American cotton. The conclusion that the domestic surplus of this staple length, that is, 1⅛ to 1⅜ inches, is about equal to imports and even if imports were prohibited the price could not be greatly affected.

The third division of cotton according to staple length concerns about two-tenths of 1 per cent of the American crop. It is the Pima or American Egyptian cotton raised in Arizona of which 28,310 bales were produced in 1928. This cotton comes in competition with imported cotton 1⅜ inches and longer. During the last five years imports of cotton of this length have averaged 112,264 bales, mostly Sakellaridis cotton from Egypt.

Undoubtedly there is a large field for expansion of the Pima cotton industry, but two difficulties would operate against the effectiveness of a duty in accomplishing this expansion: (1) Certain real or imagined differences exist between Pima and Sakellaridis which in the minds of some manufacturers make Pima unsatisfactory for their uses. This may be prejudice, but, prejudice or not, it would cause these manufacturers to pay considerably more for the privilege of using Sakellaridis; (2) when the price of long-staple cottons is raised, shorter staples are substituted. It is doubtful, therefore, how much the Pima growers would be benefited by a duty. Entirely apart from any consideration of a duty, demand has shifted somewhat from the cottons 1⅜ inches and longer to the medium staples, 1⅛ inches to 1⅜ inches. The cotton-lace trade which consumed a large quantity of very long cottons has not been flourishing, fine cotton knit underwear and hosiery have been replaced by silk and rayon, and tire manufacturers discovered the fabric made from extra-long cottons out-lasted the rubber and therefore they now use mainly Egyptian uppers.

Egyptian uppers usually sell for a little better price than American long-staple upland similar in length, indicating a preference of spinners for the Egyptian cotton. Tire manufacturers are important consumers of these staples and undoubtedly manufacturers who had strong preferences would continue to use the foreign cotton as a duty would add only a fractional part to the price of a tire.

As approximately 700,000 bales of domestic and foreign cottons 1⅛ inches and over in length are consumed annually in the United States, each cent a pound of duty on cotton would cost consumers about $3,500,000.

It was stated at the hearings that the average rate of duty recommended would be 10 cents or more per pound. This would mean, therefore, an increase to the consumers, including the people in cotton-growing States themselves, of not less than $35,000,000 annually. Another serious objection to the suggested duty is the tremendous difficulty of administering the compensatory rates on cotton cloth. Once the raw cotton has been made up into yarn or cloth, it is virtually impossible to ascertain the length of staple. As the statements of the foreign manufacturer would be almost the only criterion of the actual staple used in a particular importation of yarn, cloth, or manufacture of cloth, there would be an ever-present temptation to evade the compensatory duty.

The gentleman from Mississippi [Mr. WHITTINGTON] has pleaded the case of the grower of cotton. He has referred to the Representative from Rhode Island [Mr. ALDRICH] and to myself as the ones having the cotton schedule in hand as the advocates of the interests of the manufacturer. As a matter of fact, there are three parties at interest, and in my opinion their interests are mutual. What will benefit the grower will be to the advantage of the manufacturer and will also be favorable to the consumer. There is no diversity of interests; they are identical.

If I honestly felt that a duty on raw cotton would benefit the farmer of the South, I would then know that it would likewise be beneficial to the manufacturers of the South and North and to the consumer of the products of both. All substantiated proof is to the contrary. As I have previously stated, the theory of the tariff is to equalize competition with foreign products. It is an established fact that no cotton grown in this country is competitive with imported Egyptian cotton. Representatives of the manufacturers of cloth, thread, and tire fabrics all testified that it was necessary, in order to obtain the best results, to use a limited amount of Egyptian cotton, and that the substitution of American cotton would not produce satisfactory results. In each instance testimony shows the willingness on the part of manufacturers to pay an additional price in order to use Egyptian cotton. This would be true whether or not a duty is levied on the cotton. In other words, a duty will not force American manufacturers to substitute American for Egyptian cotton. Such a duty, therefore, on raw cotton would be a penalty on all concerned and would benefit none except the Treasury of the United States. We are not writing a tariff bill to-day for revenue purposes.

I have thus endeavored to cover the subject of the cotton industry in this country. I realize the imperfections of my presentation, but I think the House and the country will agree that the statement I made at the beginning of my remarks on cotton, to the effect that the schedule is extremely complicated, is true, and that a Member here can not gain a thorough understanding of it in the brief time at his disposal nor fully describe its intricacies to his fellow Members.

TABLES

There are two objects in printing these tables: First, in order that there may be a permanent record of the comparisons between the pending bill and the present law; and second, for the purpose of showing that the United States, being the great cotton country of the world and the largest cotton exporter, would be standing in its own light and damaging the growers of cotton in this country by levying a duty on the small quantity imported for special purposes.

Duties on cotton yarn

[Comparison of minimum ad valorem rates of duty provided in par. 901 of the act of 1922 with ad valorem rates of duty provided in par. 901 of H. R. 2667 of May, 1929]

Average yarn number	Act of 1922, unbleached, carded, single (minimum ad valorem rate)	H. R. 2667 of 1929, unbleached, carded, single (ad valorem rate)	Act of 1922, bleached, dyed,[1] colored, combed, or plied (minimum ad valorem rate)	H. R. 2667 of 1929, bleached, dyed, colored, combed, or plied (ad valorem rate)
	Per cent	*Per cent*	*Per cent*	*Per cent*
1	5.25	5.30	10.25	10.30
2	5.50	5.60	10.50	10.60
3	5.75	5.90	10.75	10.90
4	6.00	6.20	11.00	11.20
5	6.25	6.50	11.25	11.50
6	6.50	6.80	11.50	11.80
7	6.75	7.10	11.75	12.10
8	7.00	7.40	12.00	12.40
9	7.25	7.70	12.25	12.70
10	7.50	8.00	12.50	13.00
11	7.75	8.30	12.75	13.30
12	8.00	8.60	13.00	13.60
13	8.25	8.90	13.25	13.90
14	8.50	9.20	13.50	14.20
15	8.75	9.50	13.75	14.50
16	9.00	9.80	14.00	14.80
17	9.25	10.10	14.25	15.10
18	9.50	10.40	14.50	15.40
19	9.75	10.70	14.75	15.70
20	10.00	11.00	15.00	16.00
21	10.25	11.30	15.25	16.30
22	10.50	11.60	15.50	16.60
23	10.75	11.90	15.75	16.90
24	11.00	12.20	16.00	17.20
25	11.25	12.50	16.25	17.50
26	11.50	12.80	16.50	17.80
27	11.75	13.10	16.75	18.10
28	12.00	13.40	17.00	18.40
29	12.25	13.70	17.25	18.70
30	12.50	14.00	17.50	19.00
31	12.75	14.30	17.75	19.30
32	13.00	14.60	18.00	19.60
33	13.25	14.90	18.25	19.90
34	13.50	15.20	18.50	20.20
35	13.75	15.50	18.75	20.50
36	14.00	15.80	19.00	20.80
37	14.25	16.10	19.25	21.10
38	14.50	16.40	19.50	21.40
39	14.75	16.70	19.75	21.70
40	15.00	17.00	20.00	22.00
41	15.25	17.30	20.25	22.30
42	15.50	17.60	20.50	22.60
43	15.75	17.90	20.75	22.90
44	16.00	18.20	21.00	23.20
45	16.25	18.50	21.25	23.50
46	16.50	18.80	21.50	23.80
47	16.75	19.10	21.75	24.10
48	17.00	19.40	22.00	24.40
49	17.25	19.70	22.25	24.70
50	17.50	20.00	22.50	25.00
51	17.75	20.30	22.75	25.30
52	18.00	20.60	23.00	25.60
53	18.25	20.90	23.25	25.90
54	18.50	21.20	23.50	26.20
55	18.75	21.50	23.75	26.50
56	19.00	21.80	24.00	26.80
57	19.25	22.10	24.25	27.10

[1] Any of these yarns that are printed, dyed, or colored with vat dyes are subject to an additional duty of 4 per cent ad valorem.

Duties on cotton yarn—Continued

Average yarn number	Act of 1922, unbleached, carded, single (minimum ad valorem rate)	H. R. 2667 of 1929, unbleached, carded, single (ad valorem rate)	Act of 1922, bleached, dyed, colored, combed, or plied (minimum ad valorem rate)	H. R. 2667 of 1929, bleached, dyed, colored, combed, or plied (ad valorem rate)
	Per cent	*Per cent*	*Per cent*	*Per cent*
58	19.50	22.40	24.50	27.40
59	19.75	22.70	24.75	27.70
60	20.00	23.00	25.00	28.00
61	20.25	23.30	25.25	28.30
62	20.50	23.60	25.50	28.60
63	20.75	23.90	25.75	28.90
64	21.00	24.20	26.00	29.20
65	21.25	24.50	26.25	29.50
66	21.50	24.80	26.50	29.80
67	21.75	25.10	26.75	30.10
68	22.00	25.40	27.00	30.40
69	22.25	25.70	27.25	30.70
70	22.50	26.00	27.50	31.00
71	22.75	26.30	27.75	31.30
72	23.00	26.60	28.00	31.60
73	23.25	26.90	28.25	31.90
74	23.50	27.20	28.50	32.20
75	23.75	27.50	28.75	32.50
76	24.00	27.80	29.00	32.80
77	24.25	28.10	29.25	33.10
78	24.50	28.40	29.50	33.40
79	24.75	28.70	29.75	33.70
80	25.00	29.00	30.00	34.00
81	25.00	29.30	30.00	34.30
82	25.00	29.60	30.00	34.60
83	25.00	29.90	30.00	34.90
84	25.00	30.20	30.00	35.20
85	25.00	30.50	30.00	35.50
86	25.00	30.80	30.00	35.80
87	25.00	31.10	30.00	36.10
88	25.00	31.40	30.00	36.40
89	25.00	31.70	30.00	36.70
90	25.00	32.00	30.00	37.00
Above 90	25.00	32.00	30.00	37.00

Duties on countable cotton cloth [1]

[Comparison of minimum ad valorem rates of duty provided in pars. 903 and 906, act of 1922 with ad valorem rates of duty provided in par. 904 of H. R. 2667 of 1929]

Average yarn number	Act of 1922, not bleached, dyed, colored, or woven-figured (minimum ad valorem)	H. R. 2667 of 1929, not bleached, dyed, or colored (ad valorem rate)	Act of 1922, bleached (minimum ad valorem rate)	H. R. 2667 of 1929, bleached (ad valorem rate)	Act of 1922, printed, dyed, colored,[2] or woven-figured (minimum ad valorem)	H. R. 2667 of 1929, printed, dyed, or colored (ad valorem rate)
	Per cent	*Per cent*	*Per cent*	*Per cent*	*Per cent*	*Per cent*
1	10.25	10.35	13.25	13.35	15.3125	16.35
2	10.50	10.70	13.50	13.70	15.625	16.70
3	10.75	11.05	13.75	14.05	15.9375	17.05
4	11.00	11.40	14.00	14.40	16.25	17.40
5	11.25	11.75	14.25	14.75	16.5625	17.75
6	11.50	12.10	14.50	15.10	16.875	18.10
7	11.75	12.45	14.75	15.45	17.1875	18.45
8	12.00	12.80	15.00	15.80	17.50	18.80
9	12.25	13.15	15.25	16.15	17.8125	19.15
10	12.50	13.50	15.50	16.50	18.125	19.50
11	12.75	13.85	15.75	16.85	18.4375	19.85
12	13.00	14.20	16.00	17.20	18.75	20.20
13	13.25	14.55	16.25	17.55	19.0625	20.55
14	13.50	14.90	16.50	17.90	19.375	20.90
15	13.75	15.25	16.75	18.25	19.6875	21.25

[1] Cotton cloth woven with 8 or more harnesses or Jacquard, lappet, or swivel attachments, is subject to additional duty of 10 per cent ad valorem. This additional duty is same in act of 1922 and H. R. 2667 of 1929. On cotton cloth, other than foregoing, additional duty of 5 per cent ad valorem is provided in act of 1922 for those woven with drop boxes and in H. R. 2667 of 1929 for those woven with 2 or more colors or kinds of filling. Cloth, in chief value of cotton, containing silk or rayon, is subject, in present act and proposed act, to additional cumulative duty of 5 per cent ad valorem.

[2] When not less than 40 per cent of the cloth is printed, dyed, or colored with vat dyes there is an additional duty of 4 per cent ad valorem.

Duties on countable cotton cloth—Continued

Average yarn number	Act of 1922, not bleached, dyed, colored, or woven-figured (minimum ad valorem)	H. R. 2667 of 1929, not bleached, dyed, or colored (ad valorem rate)	Act of 1922, bleached (minimum ad valorem rate)	H. R. 2667 of 1929, bleached (ad valorem rate)	Act of 1922, printed, dyed, colored, or woven-figured (minimum ad valorem)	H. R. 2667 of 1929, printed, dyed, or colored (ad valorem rate)
	Per cent	*Per cent*	*Per cent*	*Per cent*	*Per cent*	*Per cent*
16	14.00	15.60	17.00	18.60	20.00	21.60
17	14.25	15.95	17.25	18.95	20.3125	21.95
18	14.50	16.30	17.50	19.30	20.625	22.30
19	14.75	16.65	17.75	19.65	20.9375	22.65
20	15.00	17.00	18.00	20.00	21.25	23.00
21	15.25	17.35	18.25	20.35	21.5625	23.35
22	15.50	17.70	18.50	20.70	21.875	23.70
23	15.75	18.05	18.75	21.05	22.1875	24.05
24	16.00	18.40	19.00	21.40	22.50	24.40
25	16.25	18.75	19.25	21.75	22.8125	24.75
26	16.50	19.10	19.50	22.10	23.125	25.10
27	16.75	19.45	19.75	22.45	23.4375	25.45
28	17.00	19.80	20.00	22.80	23.75	25.80
29	17.25	20.15	20.25	23.15	24.0625	26.15
30	17.50	20.50	20.50	23.50	24.375	26.50
31	17.75	20.85	20.75	23.85	24.6875	26.85
32	18.00	21.20	21.00	24.20	25.00	27.20
33	18.25	21.55	21.25	24.55	25.3125	27.55
34	18.50	21.90	21.50	24.90	25.625	27.90
35	18.75	22.25	21.75	25.25	25.9375	28.25
36	19.00	22.60	22.00	25.60	26.25	28.60
37	19.25	22.95	22.25	25.95	26.5625	28.95
38	19.50	23.30	22.50	26.30	26.875	29.30
39	19.75	23.65	22.75	26.65	27.1875	29.65
40	20.00	24.00	23.00	27.00	27.50	30.00
41	20.25	24.35	23.25	27.35	27.8125	30.35
42	20.50	24.70	23.50	27.70	28.125	30.70
43	20.75	25.05	23.75	28.05	28.4375	31.05
44	21.00	25.40	24.00	28.40	28.75	31.40
45	21.25	25.75	24.25	28.75	29.0625	31.75
46	21.50	26.10	24.50	29.10	29.375	32.10
47	21.75	26.45	24.75	29.45	29.6875	32.45
48	22.00	26.80	25.00	29.80	30.00	32.80
49	22.25	27.15	25.25	30.15	30.3125	33.15
50	22.50	27.50	25.50	30.50	30.625	33.50
51	22.75	27.85	25.75	30.85	30.9375	33.85
52	23.00	28.20	26.00	31.20	31.25	34.20
53	23.25	28.55	26.25	31.55	31.5625	34.55
54	23.50	28.90	26.50	31.90	31.875	34.90
55	23.75	29.25	26.75	32.25	32.1875	35.25
56	24.00	29.60	27.00	32.60	32.50	35.60
57	24.25	29.95	27.25	32.95	32.8125	35.95
58	24.50	30.30	27.50	33.30	33.125	36.30
59	24.75	30.65	27.75	33.65	33.4375	36.65
60	25.00	31.00	28.00	34.00	33.75	37.00
61	25.25	31.35	28.25	34.35	34.0625	37.35
62	25.50	31.70	28.50	34.70	34.375	37.70
63	25.75	32.05	28.75	35.05	34.6875	38.05
64	26.00	32.40	29.00	35.40	35.00	38.40
65	26.25	32.75	29.25	35.75	35.3125	38.75
66	26.50	33.10	29.50	36.10	35.625	39.10
67	26.75	33.45	29.75	36.45	35.9375	39.45
68	27.00	33.80	30.00	36.80	36.25	39.80
69	27.25	34.15	30.25	37.15	36.5625	40.15
70	27.50	34.50	30.50	37.50	36.875	40.50
71	27.75	34.85	30.75	37.85	37.1875	40.85
72	28.00	35.20	31.00	38.20	37.50	41.20
73	28.25	35.55	31.25	38.55	37.8125	41.55
74	28.50	35.90	31.50	38.90	38.125	41.90
75	28.75	36.25	31.75	39.25	38.4375	42.25
76	29.00	36.60	32.00	39.60	38.75	42.60
77	29.25	36.95	32.25	39.95	39.0625	42.95
78	29.50	37.30	32.50	40.30	39.375	43.30
79	29.75	37.65	32.75	40.65	39.6875	43.65
80	30.00	38.00	33.00	41.00	40.00	44.00
81	30.00	38.35	33.00	41.35	40.00	44.35
82	30.00	38.70	33.00	41.70	40.00	44.70
83	30.00	39.05	33.00	42.05	40.00	45.05
84	30.00	39.40	33.00	42.40	40.00	45.40
85	30.00	39.75	33.00	42.75	40.00	45.75
86	30.00	40.10	33.00	43.10	40.00	46.10
87	30.00	40.45	33.00	43.45	40.00	46.45
88	30.00	40.80	33.00	43.80	40.00	46.80
89	30.00	41.15	33.00	44.15	40.00	47.15
90	30.00	41.50	33.00	44.50	40.00	47.50
Above 90	30.00	41.50	33.00	44.50	40.00	47.50

Analysis of tariff duties on textile imports in 1927

9.—COTTON AND MANUFACTURES OF COTTON

Paragraph act of 1922	Import classification	Dutiable under regular ad valorem rates		Dutiable under minimum ad valorem rates		Dutiable under maximum ad valorem rates		Dutiable under specific rates		Dutiable under compound rates		Free	Total	
		Value	Duty	Value	Duty	Value	Duty	Value	Duty	Value	Duty	Value	Value	Duty
1560	Raw cotton											$45,668,726	$45,668,726	
	Cotton waste											1,622,772	1,622,772	
	Total cotton and cotton waste											47,291,498	47,291,498	
901	Partially manufactured cotton	$31,387	$1,569										31,387	$1,569
	Cotton yarn			$3,690,941	$1,034,845			$42,187	$13,768			207	3,733,335	1,048,613

Analysis of tariff duties on textile imports in 1927—Continued

9. COTTON AND MANUFACTURES OF COTTON—continued

Paragraph act of 1922	Import classification	Dutiable under regular ad valorem rates		Dutiable under minimum ad valorem rates		Dutiable under maximum ad valorem rates		Dutiable under specific rates		Dutiable under compound rates		Free	Total	
		Value	Duty	Value	Duty	Value	Duty	Value	Duty	Value	Duty	Value	Value	Duty
902	Cotton sewing thread			$379,177	$75,835	$520	$182	$80,421	$19,332				$460,118	$95,349
	"Cottons" for handwork			1,499,368	299,874	207	72	5,005	1,339				1,504,580	301,285
903 and 906	Countable cotton cloth			11,622,874	3,470,034	1,201,613	540,726	2,936,801	913,042	$31,002	$12,825		15,792,290	4,936,627
905	Tire fabric	$385	$96										385	96
907	Tracing cloth									1,112,069	325,474		1,112,069	325,474
	Cotton window hollands									163,097	50,764		163,097	50,764
	Oilcloths, except for floors									6,568	1,801		6,568	1,801
	Filled or coated cloths, n. s. p. f.									123,341	43,693		123,341	43,693
	Waterproof cloth									95,967	38,426		95,967	38,426
908	Cotton cloth containing silk or rayon			32,005	11,572	58,816	26,467						90,821	38,039
909	Jacquard-woven upholstery cloths	5,482,990	2,467,346									$50	5,483,040	2,467,346
	Jacquard-woven napped cloths	14,721	6,624										14,721	6,624
	Jacquard-woven blankets	9,369	4,216										9,369	4,216
910	Pile fabrics and manufactures of	2,727,084	1,363,542										2,724,084	1,363,542
	Terry-woven fabrics and manufactures of	209,956	83,982										209,956	83,982
911	Cotton table damask	225,127	67,538										225,127	67,538
	Manufactures of cotton table damask	74,345	22,304										74,345	22,304
912	Quilts or bedspreads of compound weave	331,584	132,634										331,584	132,634
	Quilts or bedspreads, other	195,295	48,824										195,295	48,824
	Cotton blankets, not Jacquard figured	277,122	69,280										277,122	69,280
	Towels not Jacquard figured or terry woven	29,620	7,405										29,620	7,405
	Sheets and pillowcases	59,650	14,912										59,650	14,912
	Polishing cloths, dust cloths, and mop cloths	49,045	12,261										49,045	12,261
	Table covers, etc., of plain-woven cloth	293,576	88,073										293,576	88,073
913	Narrow-woven fabrics, n. s. p. f., and manufactures of	143,803	50,331										143,803	50,331
	Tubings	46,265	16,193										46,265	16,193
	Garters, suspenders, and braces	42,813	14,985										42,813	14,985
	Cords, tassels, cords and tassels	12,075	4,226										12,075	4,226
	Spindle banding, and wicking									4,808	1,360		4,808	1,360
	Boot, shoe, and corset lacings									1,643	513		1,643	513
	Loom harness, healds, and collets									8,623	2,994		8,623	2,994
	Labels for garments and other articles	7,384	3,692										7,384	3,692
	Belting for machinery	387,291	116,187										387,291	116,187
914	Knit fabrics in the piece, warp knit	29,837	16,410										29,837	16,410
	Knit fabrics in the piece, other	151,176	52,912										151,176	52,912
915	Gloves made of warp-knit fabric	119,171	59,586	280,063	112,025	218,991	164,243	882,752	482,817				1,500,977	818,671
	Gloves made of other knit fabric	79,083	39,541										79,083	39,541
	Gloves made of woven fabric	1,607	402										1,607	402
916	Hosiery, fashioned or seamless	1,385,505	692,704										1,385,505	692,704
	Hosiery, "cut"	12,160	3,648										12,160	3,648
917	Underwear and other apparel, knit	278,999	125,550										278,999	125,550
918	Handkerchiefs and mufflers, not ornamented			605,733	286,838	74,735	41,104			1,292	631		681,760	328,573
919	Shirt collars and cuffs									10,828	2,472		10,828	2,472
	Men's shirts of cotton	17,918	6,271										17,918	6,271
	Corsets, not ornamented	6,668	2,334										6,668	2,334
	Other apparel, not knit, not ornamented	854,048	298,913									325	854,373	298,913
920	Nottingham lace-curtain machine manufactures			51,595	30,957					5,227	3,662		56,822	34,619
921	Towels, Jacquard figured, not terry woven	20,143	8,057										20,143	8,057
	Other manufactures of cotton n. s. p. f.	1,625,080	649,153									339	1,625,419	649,153
1022	Floor coverings of cotton	2,162,465	756,863										2,162,465	756,863
1430	Laces, embroideries, etc	19,517,205	16,227,139									3,886,362	23,403,567	16,227,139
	Total manufactures of cotton	36,911,952	23,535,703	18,161,756	5,321,980	1,554,882	772,794	3,947,166	1,430,298	1,564,465	484,615	3,887,283	66,027,504	31,545,390
	Grand total, cotton and manufactures of cotton	36,911,952	23,535,703	18,161,756	5,321,980	1,554,882	772,794	3,947,166	1,430,298	1,564,465	484,615	51,178,781	113,319,002	31,545,290

Raw cotton—Domestic production, by varieties (not including linters), 1924–1928

[Source: Cotton Production and Distribution, Season of 1927–28, Bureau of the Census]

Growth year [1]	Upland [2]	American-Egyptian	Sea-island	Total	Estimated value of total
	Running bales [3]	*Running bales* [3]	*Running bales* [3]	*Running bales* [3]	
1924	13,635,069	4,319	11	13,639,399	$1,561,010,000
1925	16,102,445	20,053	18	16,122,516	1,577,480,000
1926	17,738,815	16,232	23	17,755,070	1,121,110,000
1927	12,758,710	24,223	179	12,783,112	1,303,040,000
1928 [4]	14,240,981	28,310	22	14,269,313	

[1] Year in which the cotton is planted. Cotton of the growth year 1928 is harvested and mainly marketed during the crop year Aug. 1, 1928, to July 31, 1929.
[2] Includes all American-grown cotton other than sea-island and American-Egyptian.
[3] Running bales used in this table because actual weight not available by varieties.
[4] Preliminary figures.

Raw cotton—Domestic consumption by varieties, crop years ended July 31, 1924–1928 [1]

[Source: Cotton Production and Distribution, Bureau of the Census, Department of Commerce]

Varieties	1924	1925	1926	1927	1928
Domestic:	*Bales* [1]	*Bales* [1]	*Bales* [1]	*Bales* [1]	*Bales* [1]
Upland	5,312,033	5,894,497	6,161,710	6,859,229	6,518,558
Sea-island	4,906	3,970	2,325	1,226	1,251
American-Egyptian	35,998	19,018	11,740	19,669	15,137
Foreign:					
Egyptian	223,649	191,544	204,113	239,768	217,584
Peruvian	29,474	19,561	19,841	14,535	15,273
Chinese	51,472	40,185	31,378	32,043	43,972
British Indian	21,848	24,573	23,736	21,985	21,455
Other	1,174	69	1,009	1,130	833
Total	5,680,554	6,193,417	6,455,852	7,189,585	6,834,063

[1] Domestic cottons are in running bales, round bales counted as half bales; foreign cottons in equivalent 500-pound bales. Linters are not included.

Raw cotton—Domestic consumption, foreign and domestic cotton by staple lengths, crop year ended July 31, 1928

[Source: Bureau of Agricultural Economics, Department of Agriculture, release October 19, 1928]

Staple in inches	Quantity	Per cent
Under 1⅛:	*Bales* [1]	
Domestic	5,981,983	87.5
Foreign	65,427	1.0
Total under 1⅛	6,047,410	88.5
1⅛ to 1⅜, inclusive:		
Domestic	538,423	7.9
Foreign	197,253	2.9
Total 1⅛ to 1⅜, inclusive	735,676	10.8
1⅜ and over:		
Domestic	14,540	.2
Foreign	36,437	.5
Total over 1⅜	50,977	.7
Grand total	6,834,063	100.0

[1] Domestic cottons are in running bales, round bales counted as half bales; foreign cottons are in equivalent 500-pound bales.

Raw cotton—Domestic exports

[Source: Commerce and Navigation of the United States]

Crop year ended July 31—	Long-staple (1⅛ inches or over)		Short-staple (under 1⅛ inches)	Total
	Sea-island	Other		
	Quantity in running bales [1]	*Quantity in running bales* [1]	*Quantity in running bales* [1]	*Quantity in running bales* [1]
1923–24	422	915,010	4,740,424	5,655,856
1924–25	785	1,536,991	6,467,452	8,005,228
1925–26	1,317	1,310,237	6,739,937	8,051,491
1926–27	1,871	1,542,294	9,382,449	10,926,614
1927–28	682	1,098,454	6,440,873	7,540,009
	Value	*Value*	*Value*	*Value*
1923–24	$63,134	$148,686,653	$757,819,068	$906,568,855
1924–25	176,497	209,472,997	839,415,299	1,049,064,793
1925–26	342,443	164,290,968	758,103,115	922,736,526
1926–27	410,848	129,220,799	726,156,534	855,788,181
1927–28	175,531	126,310,362	693,630,968	820,116,861

[1] Running bales approximate 500 pounds each.

Imports of foreign cotton

[Equivalent 500-pound bales]

Crop year ended July 31—	Total	Produced in—					
		Egypt	Mexico	China	Peru	India	All other
1921–22	363,465	233,729	53,637	15,563	38,753	10,348	11,435
1922–23	469,954	329,335	45,679	50,239	21,186	22,124	1,391
1923–24	292,288	164,152	27,062	45,118	19,928	34,419	1,609
1924–25	313,328	190,313	44,384	33,703	13,389	28,147	3,392
1925–26	325,511	238,620	23,553	22,452	16,637	22,143	2,106
1926–27	400,983	231,767	93,272	33,466	20,877	18,892	2,709
1927–28	338,226	201,856	22,843	62,888	23,319	25,663	1,657
Aug. 1, 1928–Feb. 28, 1929	246,091	146,376	40,641	29,441	10,471	17,125	2,037

This table shows the comparatively small amount of cotton imported into the United States.

Raw cotton—Domestic production by staple lengths, growth of 1928

[Source: Bureau of Agricultural Economics, release of April 19, 1929]

Staple in inches	Quantity	Per cent of total
Upland cotton:	*Bales*	
¾ and under	2,047,129	14.35
⅞	5,947,140	41.68
1	3,243,985	22.73
1 and 1/32	1,605,171	11.25
1 1/16 and 1 3/32	765,362	5.36
1 5/32 and 1 7/32	446,473	3.13
1 9/32 and 1 11/32	157,907	1.11
1¼ and over	27,836	.19
Total upland	14,241,003	99.80
American-Egyptian cotton:		
Under 1½	685	(1)
1½ and 1 17/32	12,801	.09
1 9/16 and 1 19/32	12,990	.09
1 5/8 to 1 13/32	1,738	.01
1¾ and over	96	(1)
Total American-Egyptian	28,310	.20
Grand total	14,269,313	100.00

[1] Less than 0.01 of 1 per cent.

World's production of commercial cotton, by countries: 1923 to 1928

[Source: Bureau of the Census, Bulletin 164.]

Country	Cotton production (bales of 478 pounds net, except American, which are in running bales)					
	1928 [1]	1927	1926	1925	1924	1923
Total		23,370,000	27,812,000	26,678,000	23,836,000	19,036,000
United States	13,891,857	12,783,000	17,755,000	16,123,000	13,639,000	10,171,000
India [2]		4,715,000	4,230,000	4,845,000	5,100,000	4,400,000
Russia		983,000	755,000	737,000	453,000	260,000
Egypt	1,490,000	1,215,000	1,695,000	1,610,000	1,450,000	1,289,000
China [2]		1,930,000	1,335,000	1,400,000	1,320,000	1,420,000
Brazil		492,000	449,000	602,000	605,000	575,000
Mexico		168,000	360,000	202,000	280,000	138,000
Peru [2]		215,000	245,000	185,000	200,000	201,000
All other countries		869,000	988,000	974,000	789,000	582,000

[1] Preliminary.
[2] Commercial crop, arrived at from consumption, exports, and changes in stocks.

This table is conclusive evidence that the United States is the great cotton-producing country of the world.

SCHEDULE 9.—*Cotton manufactures*

[Comparison of rates of duty in tariff act of 1922 and in H. R. 2667 of 1929]

Paragraph, H. R. 2667	Article	Act of 1922, rate or range of duties	H. R. 2667 of 1929, rate or range of duties
901	Yarn: Unbleached, carded, single.	Minimum of 5.25 to 25 per cent ad valorem.	5.30 to 32 per cent ad valorem.
	Yarn: Bleached, dyed, colored, combed, or plied.	Minimum of 10.25 to 30 per cent ad valorem.	10.30 to 37 per cent ad valorem.
	Additional for vat dyed	4 per cent ad valorem.	None.
	Partially manufactured cotton.	5 per cent ad valorem.	5 per cent ad valorem.
902	Cotton sewing thread, and cottons for handwork.	Minimum of 20 per cent and maximum of 35 per cent ad valorem.	25 per cent ad valorem.

SCHEDULE 9.—*Cotton manufactures*—Continued

Paragraph, H. R. 2667	Article	Act of 1922, rate or range of duties	H. R. 2667 of 1929, rate or range of duties
904	Countable cotton cloth:		
	(a) Unbleached	Minimum of 10.25 to 30 per cent ad valorem.	10.35 to 41½ per cent ad valorem.
	(b) Bleached	Minimum of 13.25 to 33 per cent ad valorem.	13.35 to 44½ per cent ad valorem.
	(c) Printed, dyed, or colored.	Minimum of 15.25 to 40 per cent ad valorem.	16.35 to 47½ per cent ad valorem.
	(d) Additional for Jacquard, etc.	10 per cent ad valorem.	10 per cent ad valorem.
	Additional for drop boxes.	5 per cent ad valorem.	5 per cent ad valorem.
	Additional for vat dyes.	4 per cent ad valorem.	None.
	Tire fabrics (not mentioned)	25 per cent ad valorem.	Approximately 15 per cent ad valorem.
905	Cloth, in chief value cotton, containing silk or rayon.	Dutiable as cloth plus 5 per cent ad valorem.	Dutiable as cloth plus 5 per cent ad valorem.
906	Cloth, in chief value cotton, containing wool.	40 per cent ad valorem.	60 per cent ad valorem.
907	Tracing cloth, cotton window hollands and oilcloths.	5 cents per square yard, and 20 per cent ad valorem.	30 per cent ad valorem.
	Filled or coated cloths, n. s. p. f.	3 cents per square yard and 20 per cent ad valorem.	35 per cent ad valorem.
	Waterproof cloth	5 cents per square yard and 30 per cent ad valorem.	40 per cent ad valorem.
908	Tapestries and other Jacquard-figured upholstery cloths.	45 per cent ad valorem.	55 per cent ad valorem.
909	Pile fabrics:		
	Velveteens	50 per cent ad valorem.	62½ per cent ad valorem.
	Corduroys, plushes, chenilles.	do	50 per cent ad valorem.
	Terry-woven	40 per cent ad valorem.	40 per cent ad valorem.
910	Table damask and manufactures of.	30 per cent ad valorem.	30 per cent ad valorem.
911	Quilts:		
	Double fabrics	40 per cent ad valorem.	
	Single fabrics	25 per cent ad valorem.	
	Jacquard-figured		40 per cent ad valorem.
	Not Jacquard-figured		25 per cent ad valorem.
	Blankets:		
	Jacquard-figured	45 per cent ad valorem.	45 per cent ad valorem.
	Not Jacquard-figured	25 per cent ad valorem.	35 per cent ad valorem.
	Jacquard-figured napped cloth.	45 per cent ad valorem.	45 per cent ad valorem.
	Towels:		
	Jacquard figured	40 per cent ad valorem.	40 per cent ad valorem.
	Not Jacquard figured	25 per cent ad valorem.	25 per cent ad valorem.
	Sheets and pillowcases	do	Do.
	Polishing, dust, and mop cloths.	do	Do.
	Plain-woven table covers, etc.	30 per cent ad valorem.	30 per cent ad valorem.
912	Narrow wares n. s. p. f.	35 per cent ad valorem.	35 per cent ad valorem.
	Spindle banding and wicking.	10 cents per pound and 12½ per cent ad valorem.	30 per cent ad valorem.
	Lacings (boot, shoe, or corset).	15 cents per pound and 20 per cent ad valorem.	Do.
	Loom harness, healds, and collets.	25 cents per pound and 25 per cent ad valorem.	35 per cent ad valorem.
	Woven labels	50 per cent ad valorem.	50 per cent ad valorem.
913	Machine belting and rope	30 per cent ad valorem.	30 per cent ad valorem.
914	Knit fabric:		
	Warp-knit	55 per cent ad valorem.	45 per cent ad valorem.
	Other (weft-knit)	35 per cent ad valorem.	35 per cent ad valorem.
915	Gloves:		
	Warp-knit, for women	Minimum 40 per cent and maximum 75 per cent.	Free list.
	Warp-knit, for men, and other knit gloves.	50 per cent ad valorem.	50 per cent ad valorem.
	Woven	25 per cent ad valorem.	25 per cent ad valorem.
916	Hosiery:		
	Fashioned or seamless	50 per cent ad valorem.	50 per cent ad valorem.
	Cut	30 per cent ad valorem.	30 per cent ad valorem.
917	Knit underwear and outerwear.	45 per cent ad valorem.	45 per cent ad valorem.
918	Handkerchiefs:		
	Not hemmed	Dutiable as cloth	Dutiable as cloth.
	Hemmed or hemstitched.	Dutiable as cloth plus 10 per cent ad valorem.	Dutiable as cloth plus 10 per cent ad valorem.
	(Minimum ad valorem provisos.)	30 per cent and 40 per cent.	None.
919	Wearing apparel, not knit	35 per cent ad valorem.	35 per cent ad valorem
920	Nottingham lace-curtain machine manufactures.	Minimum ad valorem of 60 per cent.	60 per cent ad valorem.
921	"Hit-and-miss" rag rugs	35 per cent ad valorem on American selling price.	55 per cent ad valorem (on foreign value).
	Chenille rugs	35 per cent ad valorem	45 per cent ad valorem.
	Cotton floor coverings n. s. p. f.	do	35 per cent ad valorem
922	Manufactures of cotton n. s. p. f.	40 per cent ad valorem.	40 per cent ad valorem.

Mr. GARNER. Mr. Chairman, I yield 30 minutes to the gentleman from Georgia [Mr. Cox].

Mr. COX. Mr. Chairman and members of the committee, I, of course, appreciate the difficulties that are experienced in the writing of a tariff bill, and have no disposition whatever to criticize the committee or members of the committee reporting the bill under consideration. I do, however, wish to attack the product of their labors, and this I propose to do in a perfectly friendly spirit. I am seeking no political advantage for my party or myself in anything I may say. So far as I am concerned, it does not matter which party writes the tariff legislation. My concern is that it be written right. The bill before us is not in my judgment what it ought to be. It is a poor apology toward the fulfillment of the promise that both major parties made the country in their platforms in the recent political contest.

I in part represent the great cotton-producing section of this country, and as the representative of this section I make this appearance and this special appeal to the consciences and judgment of the House that in the interest of fair treatment of the people of this section that this bill be not adopted without material amendments being made. There are 2,700,000 cotton farmers in the United States. With an average of five to the family, it is conservative to say that there are 13,500,000 people in the cotton fields of this country to-day, and their interest is not only ignored in the bill but there is positive effort to do them injury.

Gentlemen supporting the bill, and in explaining the theory upon which the protective tariff principle is applied, contend that specific rates of duty always increase as the product advances in its stage of manufacture. This stepping up of the rates they call compensatory duties, and they insist that the principle is and should be applied with strict uniformity. I am addressing myself particularly to Schedule 10, dealing with vegetable fibers, and let us see if the members of the committee reporting on this schedule have applied this principle in the fixing of rates. But before I take up this, let me refer to the argument of the gentleman from Massachusetts [Mr. TREADWAY] who has just addressed you. He evidently takes pride in the thought that he had something to do with bringing the committee together on the question of what the rates should be on vegetable fibers. If it pleases him, then I bear testimony to the fact that he did evidence concern, that witnesses appearing before him in behalf of increasing rates on raw jute he sometimes offended before the witness left the committee room. The record sustains this statement. At any rate he now maintains that no rate should be levied against the importation of raw jute. He says that it is in the interest of the farmer that he takes this position. And my genial friend, the "sharpshooter" of the Republican Party, the gentleman from New York [Mr. CROWTHER] in his appearance before you on the bill recently contended that a tariff on jute would result in an injury to the producers of cotton.

Now let us go to the bill. Schedule 10 of the act before us is the same as the old law. It levies no duty whatever against raw jute, but a duty of 1½ cents per pound is put upon jute sliva. Jute sliva is simply the raw commodity with the fibers straightened out, put in condition for market. There never has been a single pound of jute sliva imported into the United States. There is a duty of 5½ cents per pound on jute yarns in size 10 pounds up to, but not including, 5 pounds. This is the yarn out of which burlap cloth is woven, which cloth, instead of taking an increased rate by reason of the increased labor expended upon it, takes a rate of 1 cent per pound. In other words, the committeemen reporting the bill propose that you tax burlap cloth 82 per cent less than the yarn out of which it is made. This must strike anyone as indefensible and intended to serve some special interest. I shall endeavor to show you just what this is. In the committee report on the bill this language was used:

> The proposals to place considerably higher duties on jute manufactures and to transfer raw jute from the free list to the dutiable list have been carefully considered. The changes requested could not be made without detrimental effect on the old and well-established domestic jute manufacturing industry, producing principally twist, twine, and cordage, on which the rates of duty are somewhat higher than they are on jute manufactures (burlap, for instance) which are not produced in the United States. Furthermore, evidence is insufficient to prove conclusively that the benefits which might accrue to domestic cotton growers and cotton manufacturers would be such as would justify the higher prices and thus added costs which would inevitably result.

So, raw jute is not taken off the free list, because doing so would have "a detrimental effect on the old and well-established domestic jute manufacturing industry." And this, my friends, is the reason why the bill comes in in its present form.

The cotton growers of this country are entitled to some consideration and some protection. There is no commodity being imported that so greatly operates to depress the price of the domestic commodity as in the case of jute depressing the price of cotton. There is imported into this country annually on an average of a billion pounds of jute. A greater portion of this is in a manufactured state. The substitution of cotton pound for pound would absorb 2,000,000 bales, but the cotton representatives are not contending that there would be substitution to the extent of pound for pound, as jute weighs about one and one-half times as much as cotton. The levy of a duty of 3 cents per pound on raw jute with compensatory rates applied to manufactures would largely shut out all importations of this commodity, and there would inevitably follow an added use of cotton to the extent of a million and a half bales. But if this estimate seems high, then make it a million, and taking a million bales from the market would increase the revenue to the cotton-producing farmers of the country in an amount in excess of $200,000,000 annually, a larger portion of this being represented by the increased price of cotton and the remainder made up in a saving to the farmer as a result of a change of trade practices with respect to the handling of his commodity. In other words, changing from the practice of selling by gross weight to that of net weight.

Gentlemen opposing the proposal of taxing raw jute contend that since there is no jute produced in the United States there is no domestic industry to protect. Let me point out to you that the very bill under consideration taxes commodities which are not produced in this country, and under this very section of the bill such commodities are taxed. Crin vegetal is not produced in the United States, but is a product largely of Algiers and Tunis, a product that is made from the leaves of the dwarf palm. It is taxed, and in this connection I want to quote from the statement to which reference has been made upon the floor, and that is the open letter recently addressed to all Members of Congress by the representatives of farm organizations throughout the country upon the subject of the bill under consideration:

> The bill also fails to recognize a very serious problem which has become a real concern to our producers during the past decade. This problem has to do with the principle of levying import duties upon products which, although different, can be substituted for commodities produced in this country. The effect of competition through substitution is just as important to us as the effect of direct competition, commodity by commodity.

As representatives of cotton farmers of this country, there are those of us who contend that the cotton industry is imperiled as a result of the free and unrestricted importation of this commodity that is grown in India.

Mr. DENISON. Mr. Chairman, will the gentleman yield?

Mr. COX. Yes.

Mr. DENISON. Does the gentleman indorse that doctrine as stated in that document?

Mr. COX. I would feel that I was recreant to my duty and doing violence to my conscience and my sense of what is my responsibility to my constituents and the country at large if I did not indorse the doctrine which was pronounced by the document which I have just read; and I trust the gentleman likewise joins with me in indorsing it.

Mr DENISON. Then, the gentleman feels that we ought to put a tariff on bananas in order to compel the people to eat more apples?

Mr. COX. Oh, no; I have not made any such contention. If the gentleman wishes to develop some point that is even remotely connected with the subject matter to which I am now addressing myself, it will be a genuine pleasure to me to undertake to respond to any question that he might ask.

Mr. DENISON. I am applying the same principle to another article. Why not a tariff on coffee in order to make people drink something that is raised in this country?

Mr. COX. If the gentleman in his legislative conduct here at this special session will live up to the promise that he, as a Republican, made the country in the recent contest, he will join with me and other representatives of farm sections of the country who have a consciousness of having been grossly discriminated against in this bill, in an effort to prevent the wrongs sought to be inflicted upon the farmers of the country. I know that the gentleman is always sincere in whatever position he takes.

Mr. DENISON. Of course, the gentleman understands that the people in this country are getting to wear a great deal of silk clothing. Women are wearing silk almost exclusively. Why not put a tariff on silk and make people wear cotton clothes? That will help the people in the South, will it not?

Mr. COX. Yes; the farmers in the South would be helped. I ought to say to the gentleman that the demand for cotton is a derived demand. The more cotton that is used the greater the demand, and therefore the higher the price. Do I make myself plain?

Mr. DENISON. Not exactly. I am wondering if the gentleman does not think that if he puts a higher duty on silk hosiery, for instance, or on silk, it would be a good thing for the cotton farmer?

Mr. COX. Is the rate of duty on silk as it now stands unsatisfactory to the gentleman?

Mr. DENISON. It does not worry me very much, but I want to apply the same principle the gentleman is arguing for. He may be right. I am wondering whether it would not be well to put a tariff on silk to compel the greater use of cotton.

Mr. COX. I feel encouraged that the gentleman makes the concession that he thinks it possible that I might be right. I have the conviction that if he will take the trouble to read the evidence that was submitted to the committee on the question that I am discussing that he will come to the conclusion that I am right, and that if he will take the trouble to read the record in respect to potatoes and other farm commodities about which the farmer Representatives in the Congress are making strenuous appeal for help and relief to the House, he will join with them as a good Republican and help them out.

Mr. DENISON. I think the gentleman was right in the main, but I was asking him whether he thinks this is right.

Mr. COX. I want to say this, that I am here advocating nothing for the people of the district that I have the honor to represent, that I am not insisting being given every other section of the country, whether it be dominated by the manufacturing industry or by the farm element. There are many Members coming from great industrial centers presuming to speak for the farmer and say what is good for him and what ought to be done toward giving him relief. You talk about the great prosperity of the country. This is because the people are prosperous where you reside. You see nothing else but evidences of prosperity. To you all life wears the rosy hue. But let me tell you, if you will penetrate the great outlying section of this country you will find millions in poverty, and in poverty because the economic policies of this country have been so shaped as to make possible combinations of wealth operating through manufacturing industries to take raw products grown upon the farm and convert it into a manufactured state and return it to the farmers at a price a thousandfold greater than that they received. Let those who come from the distressed sections of the country be heard in the Congress. Let those who claim to be the immediate representatives of the farmer have something to say as to what the law should be. Do not shut them out, reserving to yourselves the exclusive right and privilege of speaking for him when you have not the slightest conception of what his condition is.

Let me say to you that the failure of the proposal advocated by me with respect to this schedule to receive the support to which it is entitled is the result of the false information that has been disseminated throughout the country by the jute people for half a century. They tell you that to impose a tax upon jute will result in stimulation of the production of cotton in India, which will in the end injuriously affect our foreign trade. I tell you that Great Britain for half a century has been exerting herself to the limit in stimulating the production of cotton in India and Egypt, and is going to keep up this effort no matter what the House does with respect to the present bill.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. COX. Mr. Chairman, might I have a little more time?

Mr. GARNER. How much would the gentleman like?

Mr. COX. About 15 minutes.

Mr. GARNER. I yield to the gentleman 15 minutes.

The CHAIRMAN. The gentleman from Georgia is recognized for 15 minutes more.

Mr. COX. Great Britain, as I said, has exerted herself to the limit in behalf of stimulating cotton production in India and Egypt, and for many years there has been an increased production there. At the present time India produces about 30 per cent of the world's crop. But this cotton does not come into direct competition with American cotton. There is some competition of course, but not to the extent that one would probably conclude. There are uses to which either Indian or American cotton can be put. The best cotton grown in India is a poorer grade than the poorest grade grown in the United States. So there is nothing to fear from competition as a result of a tariff on raw jute.

The jute industry of this country is dominated by the Ludlow Manufacturing Associates. They are opposing anything that interferes with the present status of affairs.

Let me give you a little information. In 1922, when the present law was enacted, this same representative of the Jute Trust came before the Ways and Means Committee advocating the fixing of rates as prescribed in the act which subsequently followed. The committee had little, if any, information at that time on the subject.

Mr. KEARNS. The gentleman should know that there was not a line of their advice written into the bill.

Mr. COX. All right. Let me make this answer to the gentleman. If the jute people had written this bill, if they had written schedule 10, and particularly the rates respecting jute, it would not be more to their liking.

Mr. KEARNS. The gentleman should read the hearings.

Mr. COX. I have read the hearings. Schedule 10 of the bill as reported by the committee is the same as Schedule 10 in the old bill, except that in the present bill there are two lines which have reference to jute cloth, imported here, taking a certain rate, provided it is so marked and stamped as to be easily identified and difficult of being put to any use other than that intended.

Mr. KEARNS. There is not one line of the hearing that is written in the bill.

Mr. COX. My distinguished friend certainly is not advised as to what the record in this case shows.

Mr. KEARNS. I wrote that schedule.

Mr. COX. Well, I am sorry. If the gentleman wants me to point out just what there is in the record that is representative of the will of the jute people, as evidenced by recommendations made to the effect that the provisions of the old bill be incorporated into this legislation, I will be delighted to do so, but I warn the gentleman that if he wishes to escape embarrassment that he not insist upon this being done.

Mr. KEARNS. I wish the gentleman would do it. There is not a line of the hearing written into that bill.

Mr. COX. Oh, not a line of the hearings; but the law was not changed. The language carried in this bill is the same as in the old law. And let me tell the gentleman that Ludlows, Beemans, and the rest of the jute workers appeared represented by different people and urged upon this committee that this tariff law now in the process of being enacted carry the same rates with respect to jute as was carried in the act of 1922.

Now they talk about legislating for the benefit of labor. I would like to tell you something about this and about this jute industry that you are urged to protect against injury which allegedly would result from the imposition of a tariff that would result in incalculable benefit to the cotton growers of this country. This Schedule 10 of the act of 1922 is the law upon the subject and was dictated by the jute trust. They came together and entered into what is nothing less than a conspiracy against the American producer and the American laboring man. There was a complete division of the jute business as between the several jute-manufacturing concerns, and this jute schedule was written so as to give them a death hold upon the users of jute commodities and a complete monopoly of the jute business. Prior to the act of 1922 burlap cloth was manufactured in the United States. After the adoption of the act Ludlow Associates dismantled their mills in America that had been devoted to the manufacture of burlap and set them up in India, and they now operate them, employing foreign labor at a cost of less than one-fifteenth the cost of domestic labor and use the products produced by that labor in competition with the American farmer and the American laboring man. And now they come before the Ways and Means Committee of the House and urge that no legislation be enacted that will in any wise operate against the interest of domestic capital invested in this foreign enterprise. There are 17 burlap companies operating in the United States. They make no burlaps, but articles made therefrom. The proposal is that no legislation be enacted that will operate against the interests of these 17 companies, even though such legislation would materially improve the condition of 13,500,000 people engaged in the production of cotton.

Mr. CRISP. Will the gentleman yield?

Mr. COX. With pleasure.

Mr. CRISP. Is this not also true, that in India the only wage the women at times receive for their work is the bark stripped off of the jute?

Mr. COX. Yes; that is true; the bark and the core of the stalk. Jute is a bast fiber. It is taken from the jute stalk, and the wages that the women and children receive as compensation for the stripping of the fiber is the naked stalk itself, which, in turn, is used by them for the purpose of keeping their bodies warm and for other fuel purposes. That is the wage they get, and yet you are told that this legislation is for the promotion of the welfare of labor in this country and for the good of agriculture.

Who is it that demands that labor of this country shall compete with this low-price labor of India? It is the users of this cheap Indian labor. And then a group of New England cotton mills who insist upon getting cotton at the lowest possible cost. They oppose any tariff being put upon the importation of cotton and also oppose a tariff being put upon the importation of jute which enters into competition with cotton. Still, the makers of jute twine insist upon the bill carrying a high duty against the importation of jute twine, and the cotton spinners insist upon a prohibitive tariff against the importation of any commodity or fabric which might compete with those manufactured by them. These are the people that are being served in this legislation. It is the poor and laboring classes that are being discriminated against. However, there is a strong demand that is nation wide for a tariff on jute, and I refer to a particular group of cotton-textile industries, which, in the main, have been represented by Mr. Leavelle McCampbell, of New York, himself owner of several cotton mills in the South. He has led this fight, and if good results from it, he will be entitled to a large share of the credit. The great farm organizations of the country have also recommended the legislation. Men of lifetime experience in the cotton-growing business have recommended it. Certain trade journals have recommended it. Certain labor organizations have recommended it, and recently the fight has been taken up by one of the outstanding industrial periodicals of the country, the Manufacturers Record, of Baltimore. From the cover page of this publication of May 16, 1929, I quote as follows:

ECONOMIC TARIFF INJUSTICE TO SOUTH

The presidential campaign was fought throughout the South with the distinct understanding that, if President Hoover was elected, a protective tariff would be established which would protect many and varied interests of the South from killing competition of countries where the rates of wages if paid here would mean starvation to American working people, and thus the destruction of all business prosperity.

The South has a right, therefore, to appeal to President Hoover and to the Republican Members of Congress for tariff treatment entirely different from that proposed by the Ways and Means Committee. Sugar and a few other southern products are given the benefit of a protective tariff, but the great cotton interests of the South, so far as raw cotton is concerned, are left on the free list despite the vigorous appeals made in behalf of a duty on cotton and especially on long-staple cotton. With a fair degree of protection the South could develop the long-staple industry to a sufficient extent to meet every need of this country. And yet we imported last year 172,037,105 pounds of cotton, equal to 344,000 bales of 500 pounds each at a value of $42,797,000. Of this importation 89,231,492 pounds came from Egypt; 28,304,970 pounds from China, 13,619,753 pounds from British India. Even Mexico sent us 22,168,784 pounds.

Cotton from the countries named is raised with labor paid only a few cents a day, and yet protection against such cotton is denied by the report of the Ways and Means Committee of the House. Moreover, jute, which is coming into this country in enormous quantities, to the injury of the cotton grower and the manufacturer, is left on the free list against the vigorous and insistent protests of the cotton interests of the South.

These are but two illustrations of how the South would suffer from the proposed tariff measures should it be adopted. We can not believe, however, that President Hoover and the Republicans who are responsible for this tariff will permit the South to be thus sacrificed as in this particular instance and in a good many others in which a wholly inadequate protective duty is proposed. On the floor of the House and in the Senate a fight must be waged in behalf of fairer treatment to the South, and the Republicans in Congress and President Hoover himself owe it to the South to see that this section is more fairly treated in the proposed tariff bill. Every interest in the South should unite in a determined campaign in behalf of protective duties for this section. By reason of the fact that Democratic politicians who have worshiped the fetish of free trade have themselves been largely responsible in the past for stabbing the South in the back in the matter of protective duties, it is made all the more difficult to secure justice in the present situation.

The South fully appreciates the advances which have been proposed on sugar, peanuts, vegetables, and many other things, but there is still great need for the changes suggested in the foregoing.

And in another article in the same issue of this journal, on the subject, Many Industries Sadly Neglected in the Proposed Tariff Bill, the following appears:

In reply to a request of the Manufacturers Record to comment on the fact that no change in the jute schedule had been made under the proposed bill, W. J. Vereen, former president of the American Cotton

Manufacturers' Association and prominent cotton manufacturer of Georgia, wires:

"Unless a protective duty is subsequently added on jute, the South will be forced to continue to use cotton to compete against the rising billions of yards of jute imported from India and grown and manufactured by pauper labor and most successfully used to reduce the earning power of cotton growers, this vitally affecting all southern interests. At least $100,000,000 per year is in this manner clipped from the value of the average cotton crop.

"The majority party's representatives on the Ways and Means Committee, instead of following the wise suggestions of President Hoover during the last presidential campaign, vote to continue this deadly cobra in action by permitting practically free importations of these billions of jute yardage to take the place of our American cotton grown at much higher labor cost in our tariff-protected country. One of the natural results is to force southern Senators to grasp for the very doubtful debenture plan of farm relief. Such a pity it is and how shortsighted. We should meet these issues squarely, positively, and promptly.

"I earnestly hope that President Hoover can successfully get the forces in Congress together to stop this continual sapping of the South's one great opportunity for relief under the protective tariff principle."

W. J. Vereen is a resident of the district I have the honor to represent. He is one of the finest representatives of young American manhood that I know, and while he is in the textile business, I know that he is as much interested in the welfare of the farmer and the laboring man as he is in the many manufacturing enterprises which he heads. So this demand for legislation that will regulate the importation of jute is one in which not only the cotton grower is interested, but the laboring man is interested, and likewise the cotton-textile people, and particularly those textile mills engaged in the making of the lower grade of cotton fabrics. The shutting out of jute, with resultant increased use of cotton will be of incalculable benefit to millions of people that are engaged in the cotton production business. This is the class that is in the greatest need of relief. It would also give employment to around 200,000 mill workers, employment which they do not now give because of the use of cheap Indian labor in the manufacture of the product which because of its cheapness is so largely used as a substitute for cotton goods.

We are insisting that a rate of 3 cents per pound be levied against jute and jute butts, with compensatory rates added to the commodity as it proceeds on its way to a manufactured state, and the evidence submitted to the Ways and Means Committee on the hearing support the proposition that this is necessary in the interest of putting cotton upon a basis of equality with other commodities in the application of the tariff principle. [Applause.]

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. GARNER. Mr. Chairman, I yield 30 minutes to the gentleman from Alabama [Mr. HUDDLESTON]. [Applause.]

Mr. HUDDLESTON. Mr. Chairman, the excuse which I have for speaking on this bill is that the school of political thought that I represent is entitled to be expressed on this measure and up to this time no one has discussed the subject from that standpoint.

A TYPICAL SELFISH-INTEREST BILL

This tariff bill is a typical selfish-interest bill. Not a thought inspires anybody in connection with it, either the witnesses before the committee or the Members who have spoken in the House, except their own selfish interests and those of their friends and the sections and the classes that they represent.

Those who came before the committee represented the organized selfishness of the Nation. They spoke not as public-spirited citizens, from the standpoint of the common good, but as selfish individuals, from the standpoint of their business interests. They were organized along certain business lines, as farmers, as captains of industry, as manufacturers, as producers, or in other selfish capacities. Their reaction to the measure was wholly the business reaction, the point of view which they have in their relation as men selfishly interested in results, and the sole test to which they subjected the measure was, How much money will it put in my pocket or how much money will it take out of my pocket?

Nobody, as I say, spoke for the common good. Nobody had the future of the country in mind. Nobody spoke in his capacity as a consumer, unless it might be as a consumer in an industry that was about to be victimized for the benefit of some other selfish industry.

In short, they pursued the time-honored and characteristic method. I look around—I will not personate anybody—but I see a good many men who look like at some former time they have had experience in slopping hogs. Far be it from me to intimate that they ought still to be in that occupation [laughter]; but at least they know how hogs act when the slop is poured into the trough. It is a race which will get there first and which can drink the fastest. And I have known a certain variety of hog, a superhoggish hog—and he is not unknown in American business life—that having swilled the last drop that his skin would hold crawled up into the trough and laid down to keep the other hogs from getting their share. [Laughter.]

And that was the spectacle that was presented before the committee and very largely is the spectacle which is being presented before the country by the performances in this House. [Applause.]

FRANKLY AND ADMITTEDLY, CLASS LEGISLATION

Mr. Chairman, no keen sense of humor is required in order to enjoy the present session of Congress. Indeed, I believe that no more absurd or illogical session was ever assembled. In the first place, we have been called together to adopt legislation professedly in the interest of a particular class. A class of our people, namely, the farmers, are not as prosperous as they should be, and Congress has been called to pass measures directly aimed to benefit farmers as a class. This benefit is to be conferred by enabling the farmer to extort from his fellow citizens an arbitrary, higher price for his products. All classes, including the farmer himself, are to have the cost of their food, clothing, and shelter increased in order that farmers as a class may be able to make a larger profit from their business. At last, all scruple and precept against class legislation is now frankly abandoned. All this, and yet those now in control are the same who for generations have been hollering their heads off against "class legislation." [Laughter.]

"FARM RELIEF" FOR MANUFACTURERS

Secondly, our sense of humor is enlisted by the spectacle of what is being presented as "farm relief," particularly in the pending tariff bill. Under the guise of giving relief to tillers of the soil, we are legislating in behalf of captains of industry. Instead of dirt farmers, we are to give "relief" to factory farmers, chemical-works farmers, farmers of wage earners, and so on down the line.

I believe it may be asserted that if this tariff bill becomes a law, not a farmer in the country in any line whatsoever but will have more money taken out of his pocket by the protective system than he will be able to receive from it, and as to farmers generally and on the average, they will be robbed of at least $10 for every $1 which they will receive. For that matter there is not a State and probably not a congressional district of which a majority of its citizens will not be losers because of the protective system.

Even upon the extreme presumption that agriculture will be benefited by the so-called "farm relief" bill, farmers, as a whole, would have been far better off had this session never been called. Instead of having something done for the farmers, they are having something done to them.

The excuse for legislation for the relief of farmers as a class is that the benefits of the protective system should be extended to them. Industry has been made prosperous by protective tariffs, so they say, and we should now carry this system to the farmer. In substance, the argument is that, having conferred upon industry a specially advantageous position through the system of protective tariffs, we should now do as much for agriculture, and since protective tariffs can not be made effective on most lines of farm produce, we must grant special privileges of equal value through the various means provided by the farm bill. Having lifted the manufacturers into a position of unfair advantage, we must now lift up the farmers to an equally unfair plane with them.

CAUSES OF DEPRESSION IN AGRICULTURE

There is some justification in the plan to extend the benefits of the protective system to the farmers. It lies in the fact that they are the victims of the system. The present depression in agriculture is caused more by the protective system than by all other factors combined. For decades the farmers have been exploited by the protected manufacturers. The farmer has been forced to sell in an open market at prices fixed by world competition, yet has been forced to buy in a closed market at prices artificially boosted by protective tariffs. He has been forced to sell at a fair competitive price, yet has been forced to buy at from 10 to 50 per cent above a fair price.

The farmer's economic status is fixed by the rate at which he may exchange the products of his toil for such products as he wishes to acquire. The value of his product is fixed, not by the money which he may receive for it but by the supplies, and so on, that he can buy with the money so received. For illustration, if it takes the price of two hogs to buy a suit of clothes, it makes no difference to the farmer, who needs the clothes, whether hogs sell for $10 apiece or $15. In the farmer's

case the selling price of the clothes has been fixed by the protective system as the chief factor, and as a lessor factor by unfair trade practices, the refusal of business men to compete with each other. The market is a closed market. The price for his hogs has been fixed by competition with the world in an open market.

PROTECTION OF VALUE BECAUSE A SPECIAL FAVOR

I can well understand that it is with great reluctance that the manufacturers concede to the farmers equality in special privilege with themselves. Necessarily, to the extent that the farmers are given such equality, the advantage of the manufacturers is taken away.

The value which the favored position of the manufacturer has lies in the fact that others do not have it; that it is a position exclusively their own. The value of a protective tariff comes from the fact that all do not have it. If protection was beneficial to all of our people equally, all would be raised to an equally false and arbitrary plane, and none would derive any particular benefit. The value of money is measured by what it will buy. If the protected manufacturer had to spend his money for labor, materials, lands, and so on, at prices artificially boosted as much as his own, his protection would yield him no benefit. It is because he may sell at an artificially increased price and buy what he wants at prices which do not fully reflect the effect of the protective system that his protection has value. It is because he may sell in a closed market at artificial prices and buy in an open market at prices fixed by competition that the manufacturer desires protection. If the manufacturer were forced to share his benefit from protection equally with all other classes, we would never hear another plea for a tariff. The ideal situation for the protectionist is one in which he alone is shielded from all competition, yet all others must sell in the open markets.

Of course I am mindful of the stock assertion of protectionists that in some mysterious way the special favor which they receive benefits the general public. There is just enough truth in this to give it color. Lazarus does occasionally catch a crumb from the rich man's table. A faint reflection of the manufacturer's prosperity does finally manage to trickle down to others, but the stubborn fact remains that the manufacturer buys as cheap as he can. He pays as low wages as he can get labor to accept. He buys his materials and spends his money among those who must compete for his patronage, not only with their fellow Americans, but in most cases with the world at large.

The protectionist who approves the farm relief bill either does so for reasons of political strategy or in the belief that it will not be effective. He fears that the farmers will take away his special privilege if he does not accord them a similar advantage, or he believes that the farm bill will never operate to give the farmers full equality with himself. Probably both alternatives apply to most of these manufacturers.

For decades the farmer has been bled of from 10 to 50 per cent of his income. The criminals are the protective system and unfair trade practices. The obvious remedy for the victim's ills is to execute the criminals. Instead of doing that act of justice, we propose to meet the situation by making an equal criminal out of the farmer. To rescue the farmer from those who have fleeced him, we set him up in the fleecing business. To cure his wrongs, we set him to wronging others. To relieve him from the effects of injustice, we make him the beneficiary of injustice.

QUACK DOCTORS AND QUACK STATESMEN

Agriculture is sick. Its disease is caused by the protective system and unfair trade practices. If a doctor is called to treat a sick man, his first effort, if he is not an arrant quack, is to find out the cause of the patient's sickness and then to proceed to remove the cause. Called to treat a sick agriculture, real statesmen would seek first for the cause of the disease, and having found it, would proceed to remove it. Real statesmen in the present case would strike down the protective system and the unfair trade practices which are resposible for agriculture's condition. But in the present case it happens that there is another patient, a preferred patient, who is lusty and strong and who pays politicians to keep him so. The farmer's sickness is due to the fact that greedy protected interests have deprived him of part of his fair share of nourishment. He is underfed. An honest "doctor statesman" would prescribe a fair division of nourishment between the farmer and the manufacturer. That would be a simple and effective remedy. But Congress begins at the other end by prescribing that the manufacturer shall continue to eat off the farmer and that the latter shall look for nourishment to still other unprotected classes.

In extending the benefits of the protective system it is not required that we should hold to the old methods and give it merely where protective tariffs will be effectual. Tariffs can do little for agriculture in general. In the protective system—granting governmental favors to special classes—it is entirely logical that where tariffs are not effectual we should devise new methods and new favors and privileges which will have the desired effect. It is entirely logical that we should authorize farmers to combine, should fix prices, limit production, and resort to whatever means may be required to place them on the artificial level of the tariff beneficiaries and enable them to extort an equally unjust price for their product. If nothing else will operate, we should grant bounties and subsidies from the Treasury. Indeed, this would be a fairer system after all; it would place the burden of the favor upon the public funds, instead of as the farm bill, which is intended as a tax on the consumers, for the farmers' benefit.

AFTER "FARM RELIEF" WHO NEXT?

To cure the farmer's ills we do not attempt to relieve him of oppression. We set him up as an oppressor. He has suffered from the extortion of unjust prices for what he has to buy, and now he is to become an extortioner of unjust prices on what he has to sell.

The farm bill will not be effective. It will not operate to place him on an equality with the protectionists who have been bleeding him. But let us suppose that the bill operates as its supporters desire. What next? Farming is not the only depressed industry. Bituminous-coal mining is suffering greatly. The producers of oil and textiles and lumber, and numerous other classes, complain of great depression. When we have set this precedent of class legislation for farmers we can not consistently refuse like special favors to any and all other classes who may not be making as much profit as they desire.

The soft-coal industry buys its supplies in a closed market, yet sells its product under intense competition. Having raised the farmer to the artificial level of the protectionists, we can not refuse a like boon to the coal miner. Having legislated to enable the farmer to raise the cost of the food of the coal miner, we must also raise the latter up to protectionists level. He must be allowed to combine, to fix prices, and to do the other necessary things which will make coal production profitable.

And when we have done this for the coal producer, we must then proceed to the other classes one by one until, by one means or another, we have lifted them into the favored class, and finally when we reach those who are identified with no industry and on whom prosperity can not be otherwise conferred, we must, in all consistency, vote them subsidies from the public funds.

And when we have legislated special privileges to all classes and have placed all upon an artificial and arbitrary plane of equality, what is the net result? We have merely completed a vicious circle, and each individual and class stands exactly where it would have stood had we not started on the round. For, as I have said, the value of a special favor lies in the fact that it is "special." To the extent that the privilege is extended to all, its value to each beneficiary is diminished, and when it has been extended to all equally, each robs the other of its benefit and hence its value has completely disappeared.

"ALL GOOD PROTECTIONISTS"

But the extreme appeal to my sense of humor was made by the description given by minority leader, Mr. GARNER, of the difference between a Democrat and a Republican on protection. He said:

> Somebody asked me the other day, in view of that statement, what is the difference between a Republican and a Democrat on the tariff. Well, I will tell you my conception of it. If I had the writing of the tariff bill, so help me God, I would write it without reference to section, without reference to interest, without reference to anything except the plain application of the difference in the cost of production here and abroad, that labor may maintain its standard of living and agriculture receive adequate protection.
>
> The difference is this: That you have a sectional protection. I will show that by the record. I challenge you to go to the record and examine the hearings. The Republicans, one from Pennsylvania and two from Massachusetts, declared it to be the Republican policy of free raw material in Massachusetts and ample protection for the manufactured articles. That is your policy. Besides you will favor one interest as against another interest. That is demonstrated in this bill in a half dozen particulars. Take the milk producers and the rich manufacturers in New England, and who got the pot? New England got it. They got it not on merit, but on account of the men who contribute the most to the organization.
>
> That is the difference between a Democrat who would give ample protection and the Republican who would give the best rate to the section and the interests in making up the bill.

In short, according to Mr. GARNER, a Democrat is as good a protectionist as a Republican, the only difference being that the Democrat is honest and the Republican otherwise. The

Democrat is for protection for all industry, whereas the Republican favors it for special classes and sections. The difference is not one of principle—it is merely of justice and fairness.

Very much the same idea was expressed by Mr. Davis, our candidate in 1924, with his advocacy of "competitive tariffs." And during the recent presidential campaign Mr. Smith intimated very strongly that the protected interests had nothing to fear from the Democrats. Campaign Manager Raskob even went so far as to ask Democratic Members to then pledge themselves to accept Mr. Smith's interpretation of tariff policy, as made in his Louisville speech. He even did me the honor to wire me for such a pledge, and I promptly did myself the honor of passing his message into my waste basket without reply.

What Mr. GARNER and the other leaders mean is that there is no difference in principle between the parties. Both are good protectionists. The issue is merely whether we will apply the protective system fairly and honestly.

NO ISSUE OF HONESTY IN A DISHONEST GAME

I doubt that any issue on honesty can be made up between the parties. There are, of course, both honest and dishonest men in both parties, and since protection is merely a matter of selfishness after all, the contest is bound to center over what interests and what sections are to get the most out of it. The principle of protection is dishonest in itself, and there can be no honest application of it.

Mr. GARNER calls himself an "honest protectionist." Why, "there is no such animal!" [Laughter.]

The value of protection lies in the fact that it is a special privilege and is not enjoyed by all. An honest application of the principle requires that its benefits shall be extended equally to every citizen. It does not stop with industry, nor even with those who may farm or earn wages. It extends to the professions and so on down to include even the idle. All must have their share if the application is honest, and when all are equally benefited the net result is as though none had been benefited.

HONESTY IMPOSSIBLE IN A CROOKED GAME

"Honest protectionists!" The next thing I know Mr. GARNER will be talking about "honest" burglars and "honest" card sharps. The words cancel each other. The phrase means nothing. How can a man be honest in playing a crooked game? [Laughter.]

Put "honest protectionist" Democrats in power, then watch the race to the swill trough and the fight over the slop. Every man of them will strain himself to the utmost to get everything he can for his own little district. He will vote for every item that will bring a dollar to the selfish interests he represents and against every item that works against them; and some of them, where necessary, will even sink to trading with others of their kind for the privilege of robbing each other and the others who may not be in on the deal.

Here is Mr. CONNERY, a Massachusetts Democrat, who makes a piteous plea for his home city of Lynn, "If you do not give us a tariff on shoes, Lynn will be wiped off the map." And since when, I ask, has it been the duty of the Government to keep Lynn on the map? If Lynn ought to be on the map, Lynn, without any special favor, will remain on the map. If Lynn ought not to be on the map, it would be a crime against the Nation to tax the people in the prices of their shoes to keep Lynn on the map. [Applause.] Here is the great Democratic State of Louisiana, which for 40 years has sold her political integrity for a tariff on sugar. Here are the apple growers of the Shenandoah protesting against a tariff on the lumber in the apple barrels they buy, yet clamoring for a tariff on bananas because they would force people to eat their apples instead. And so we may go from district to district, all selfish—honesty is not a matter of locality—all demanding favors for themselves and protesting against equality for others. And this spectacle is inevitable under any protective system. Honest protectionists! We will have them when there are "gentlemanly" hogs. [Laughter and applause.]

No doubt Mr. GARNER is right. When he and our other leaders say "it is so," it makes it so. I thought that I was a Democrat, and now I find that I was mistaken all along. [Laughter.]

MISSION OF THE DEMOCRATIC PARTY

The Democratic Party came into being as the champion of equal rights for all and special privileges for none. Our party can not compete with the Republicans as the defender of special privilege and governmental favors. The Republican Party has already preempted that field, and we can not hope to do that kind of work as well as they. There is not room in this country for two great parties representing selfishness. The Democratic Party can not exist, and ought not to exist differing, not in principle but only in minor degree, from the Republican Party. [Applause.]

The doctrine of tariff revenue has now become obsolete. At its best it is merely a sales tax, which places the burdens of government upon the consumer and not upon the wealthy, who are best able to bear them. It taxes men according to their needs and not upon their ability to pay nor upon the benefits of government which they receive. The development of the income tax and other sources of revenue has rendered all such taxes unnecessary. By this development the tariff issue is simplified to an issue between those who believe in protection and those who do not.

There are only two logical positions on the protective system—one for it, the other against it. There is no middle ground. The man who is guided by principle is forced to choose either free trade or protection. A free trader believes in the free exchange of products with the world. The protectionist who accepts the logic of his position favors reserving the domestic market for the domestic producer. The free trader must oppose all tariffs as such. The protectionist must favor tariffs without limit and which will, so far as possible, wholly prevent foreign competition. Those of either faith who shrink from the logical extremes of their position lack the courage of their convictions. [Applause.]

In practice only the free trader will stick by his principles. The protectionists will not stand by their guns. The average protectionist favors the system only as it applies to himself, his friends, and his section. He will not honestly carry its benefits equally to all, for, as I have pointed out, that would defeat the system's whole purpose, which is to give special favors to the few.

As an old-style free trader I find myself a Democrat without a party. As a representative of a school of political thought now, alas, it seems, almost extinct, I have no party to champion my views. I and the few remaining survivors of my kind are helpless and undone. But please to remember that there is at least one who yet holds that "a tariff is a tax"; that the plain purpose of a protective tariff is to enable one American to extort from another American a greater price for his product than he would otherwise be able to obtain; that the protective system is a robber; and that protection is unconstitutional, immoral, and economically unwise. [Applause.]

Mr. HAWLEY. Mr. Chairman, I yield 30 minutes to the gentleman from New York [Mr. LAGUARDIA.]

Mr. LAGUARDIA. Mr. Chairman, I do not believe there is a free trader in this House who, if by casting his vote he could repeal the entire tariff, would do so. It is easy to talk free trade when you are sure that you have enough votes to maintain some sort of a tariff system. Under the present world conditions it would be impossible to transfer this country from a protective tariff to a free-trade system. You could not do it, considering labor conditions and economic conditions in other countries of the world. On the other hand, you can not apply all of the principles of a protective tariff that were applicable 50 years ago to conditions to-day. There are not many remaining of the old school of high protective tariff as it once existed. I believe that we have one Member who frankly states that he is a protectionist and would put a tariff on anything as high as any manufacturer would ask. I do not think there are many who so tenaciously cling to the old school of protective tariff as our distinguished colleague from New York [Mr. CROWTHER]. He at least is frank and honest about it.

I had hoped that when we received the bill we could approach it from a different angle than tariff bills have been heretofore approached. I wanted to support the bill. I wanted to look at the bill as one national proposition, but with the leather and the hides group and the sugar group and the potato group, I must necessarily approach this, then, from the consumers' standpoint. If you are going to have hide blocs and sugar blocs and potato blocs, right now and here we announce the consumers' bloc. In writing a protective tariff in this day we can no longer look at the proposition from a purely home national viewpoint. It was all right when this country was growing, when we could consume all that we manufactured, when we did not care whether we exported or not, but times have changed. We produce a surplus of everything we manufacture, just as the farmer is producing a surplus of agricultural products. The committee seemingly has overlooked one important new factor which must be taken into consideration in writing a tariff bill, and that is that the industries of this country must have an export trade. You can not survive without an export trade. No matter how high your duty may be, no matter how high your protection may be, you must have an export market, and I will tell you why. Our industry is entirely mechanized. Where in the old days of your protective tariff you employed labor and labor then directly

received the benefit of that tariff to-day you are employing machinery, and what happens? The manufacturer, the producer, figures his overhead entirely on home consumption, and when that is absorbed he can close his plant accordingly and labor is out of work. The overhead, the investment, the depreciation, insurance, are all figured in the cost of your home market within the amount that the home market can absorb and unless he has an export market labor is without full-time employment. The manufacturer can easily curtail production immediately by discharging labor or working them two or three days a week instead of six days a week. So that the principle applicable in the old days when labor received the direct benefit of the tariff is not applicable to-day, and in writing a protective tariff bill you have to take into consideration the world market, transportation conditions, differences in rate of exchange, and the possibility of buying something from other countries of the world in order to establish some sort of a balance in trade, because unless you import you can not export. Trade can not be all one-sided.

Mr. COLTON. Mr. Chairman, will the gentleman yield?

Mr. LAGUARDIA. Not now. That is elementary. Years ago we were on a parity economically or financially with other countries, while to-day we are the one creditor Nation of the world. If we build this tariff wall so high that the debtor nations will group and refuse to buy our products because there is no balance of trade, then we will go back to the days of unemployment, and let me say that the American labor will never again submit to soup kitchens and doles. So that in writing a tariff bill some avenues, some natural channels of trade into the United States must be left open.

We come now to one product which affects the consumer about which so much has been said, and that is sugar. It was wrong, it was cruel, it was unwise, it was uneconomic, it was unsound, foolish, bad policy to raise the tariff on sugar. There is no justification for it in any way that you look at it. What is the situation with respect to sugar? I am sure that every Member will agree that Porto Rico, Hawaii, and the Philippines, all our territories, are entitled to as much consideration and protection as any State in the Union. As long as these territories are part of the United States, they must be treated fairly and justly. Yes; I see some of our beet-sugar friends becoming restless, and I know what they are about to say and I will anticipate it or say it for them. We all know that there is no duty on sugar coming from Porto Rico, Hawaii, and the Philippines. Quite true. The purpose of this tariff is clearly not only to discriminate against Cuban sugar, and I will refer to Cuba in a minute, but to so protect and favor the beet-sugar industry as to increase it to the extent of shutting out eventually sugar from our island territories. Every champion of the beet-sugar industry has stated that it is the purpose of this tariff not only to protect existing beet-sugar factories but to develop the industry to the extent of creating a supply sufficient to meet the requirements of the entire consumption in this country.

You can not get away from that. Now, sugar is a commodity which is indispensable to human life. We produce only a very small percentage of the normal consumption of that commodity. Without any rhyme or reason the tariff duty is increased.

Now, gentlemen, if it contemplated only to afford some partial protection to the present beet industry, you might have some justification for the proposed interest of the tariff on sugar. But that is not the plan. The distinguished gentleman from Colorado [Mr. TIMBERLAKE], who frankly admits that he is in the beet-sugar business, has visions of extended acreages after the sugar tariff becomes effective. The gentleman from Michigan [Mr. CRAMTON], than whom there is no better authority in the House on questions of the reclamation and irrigation of arid lands, says here is an opportunity to use all our irrigated lands for the production of beet sugar.

Time and time again the gentleman from Michigan [Mr. CRAMTON] has opposed new projects of irrigation or reclamation. He has repeatedly stated that reclaimed and irrigated lands are not paying for themselves and has announced that he would oppose any extensive program for putting more land under cultivation. Yet I have heard the gentleman from Michigan [Mr. CRAMTON] state that with this tariff on sugar all these lands, or most of the irrigated lands, could be turned to beet-growing lands. Imagine when all of these lands get into beet production and establish more factories for beet sugar, why, the time is not distant that they will come in here and ask for a tariff of 6, 7, or 8 cents a pound. That is no exaggeration and by no means a wild prophecy. Thirty years ago or so sugar production was being subsidized. Then that failed. For a long time sugar was on the free list. Then we started with a cent, and then 2 cents; now they come with 3 cents a pound duty when only about 15 per cent of the sugar requirements of the whole country is produced and manufactured in the United States. Again I want to warn the country of what will happen if by increasing the tariff now all of these lands are put to beet growing, and as has also been stated not only by the gentleman from Colorado but by several others that a great deal of the land now raising wheat and corn can turn to beet growing. Why? As I have just stated, there will be demand for more tariff and the industry will grow not only more factories and more acreage but will grow more powerful politically and additional tariff will be granted. Why, while producing only a small fraction of the home requirement, they have been able to get a tariff of 3 cents a pound, what will they be able to do hereafter? Instead of relieving the farmer we are simply now creating an additional problem and complicating the situation.

Then I ask you, what are you going to do with Porto Rico, Hawaii, and the Philippine Islands where sugar is their very existence? We have another problem, gentlemen. Have we not proclaimed to the whole world that we have liberated Cuba? Cuba is under the protective mantle of the United States. Are we going to proclaim to the world that we are interested in Cuba's political liberty and at the same time destroy her economically? You can not give a people their liberty and then starve them to death, or perhaps let me say that liberty can not be enjoyed on an empty stomach.

All right. Let us disregard the sentimental side of it. If the Cuban does not produce sugar, he has nothing else to export. Cuba can not compete in Europe now in sugar, because she has been driven out by European beet sugar and East Indian sugar. If Cuba can not export sugar to the United States, her normal, natural market, Cuba can not buy shoes from the United States, can not buy cotton and cotton goods, can not buy machinery; and there you have an immediate direct loss that is irreparable. It is just as much our interest not to destroy the Cuban sugar trade as it is of the Cubans themselves.

The question naturally presents itself, What are you going to do with the beet growers? I will concede that the beet growers are in a bad plight. But there is no intention of giving the beet grower any benefit out of this tariff. It is not in the cards that he should get in. It is the beet-sugar manufacturer that is going to be benefited. The beet-sugar grower is simply in the wrong business. American labor is not at all interested. If every beet farm was out of business, American labor would suffer no loss.

Now, gentlemen, the basis of a protective tariff is the protection of American labor to compensate for the difference in the cost of labor between other countries and the United States. That is fundamental. No one can deny that. That is the real purpose of it. But labor in the beet fields is not receiving now, and never did receive, the American standard of wages. The unfortunate people slaving on the beet fields can not live up to the American standard of living.

I am going to put in the RECORD, with your permission, a report of the United States Bureau of Labor Statistics, made after a survey of the beet fields. It is contained in The United States Daily, of Saturday, July 23, 1927. Now to anticipate the inquiry, "Why do you quote from a paper when you are reading a report from a governmental bureau?"—the answer is, gentlemen, that that report has been suppressed. You can not get that report. I called upon Mr. Steuart, of the Bureau of Labor Statistics, and asked him for it. He said, "It was not exactly a survey." I said, "What was it? An investigation?" He said, "I do not know. We had some men out there." I said, "Call it a report, or a survey, or an inquiry, or whatever you want." He said, "You had better ask Assistant Secretary of Labor, Mr. Husband." I called up Mr. Husband, and he said, "I do not think there was a survey." He said, "I have so many things on my desk that I will have to look for it." Lest there should be a misunderstanding I wrote to the Secretary of Labor and told him of my troubles to get this report. I want, and the House is entitled to, the complete report and all of the facts.

I am going to put this letter in the RECORD, together with the statement contained in The United States Daily of July 23, 1927, so that the necessity of a tariff can not be urged to compensate for the difference in the standard of wages paid in the beet fields of other countries and the standard here, when you have Mexican peons imported by the carload working under the padrone system, the contract system, of so much per acre for the entire family; and it is well known that there are children of 6 and 7 and 8 years of age working in these fields. I read from The United States Daily:

[From The United States Daily, Saturday, July 23, 1927]

MEXICANS REPLACING EUROPEAN LABOR IN SUGAR-BEET FIELDS OF NORTHERN STATES—BUREAU OF LABOR STATISTICS ESTIMATES THEY CONSTITUTE 75 TO 90 PER CENT OF WORKERS

The extent to which Mexicans are supplanting European labor in many sections of the United States is shown in a survey just completed by the Bureau of Labor Statistics of the Department of Labor.

In the sugar-beet fields of Ohio, Michigan, Iowa, Minnesota, and North Dakota, it is stated, Mexicans now comprise from 75 to 90 per cent of the workers, whereas in years before the quota law curtailed European immigration, this field was occupied almost exclusively by Belgians and German-Russians.

The full text of that portion of the survey dealing with the sugar-beet industry follows:

Mexicans are largely replacing the Belgians and German-Russians formerly used as laborers in the sugar-beet fields of Ohio, Michigan, Iowa, Minnesota, and North Dakota and now comprise from 75 to 90 per cent of this class of agricultural workers. The Belgians and German-Russians who remained throughout the war have been drifting into trades and small businesses in the cities or have become land renters or owners, often in competition with their former employers.

NUMBER EMPLOYED INCREASING YEARLY

When the shortage of field laborers became acute in 1917 and 1918 the producers of sugar beets followed the example of the Colorado growers and shipped in a force of Mexicans. Year by year the number of Mexicans coming into the beet country increases as the number of other nationalities decreases. A large proportion of the Mexicans are hired in San Antonio and Fort Worth, Tex., at the agencies of the large sugar-producing companies. Others are picked up in Kansas City, Chicago, Detroit, Cleveland, and other cities by representatives of these companies.

The sugar-refining company makes contracts with farmers to raise a specified number of acres of beets at a certain price and subject to the supervision of the company, which agrees to furnish the necessary labor to tend the crop. Contracts are then made with Mexicans by the sugar company, but as if by the farmer individually. The farmer agrees to prepare the ground, drill the beet seed, and cultivate the plants to within 3 inches of the middle of the row, furnish a house for the laborers, and to transport them and their luggage to and from the nearest railroad station. The Mexican signing the contract agrees to block and thin the beet plants, keep the rows hoed and free from weeds, and to pile and top the beets at harvest. Nothing is said in the contract about anyone helping the Mexican, but before the contract is signed a representative of the company is assured that the Mexican can muster sufficient help. This help usually consists of his wife and children, and lacking sufficient children, he assumes guardianship of other children, who, in the great majority of cases, are related to him. It is the custom among Mexicans to assume responsibility for orphaned grandchildren, nephews, and nieces, and even second or third cousins.

WOMEN AND CHILDREN EMPLOYED FOR WEEDING

The blocking is done by a grown man, using a wide hoe to strike out the plants to hills from 10 to 12 inches apart. The women and children on their hands and knees pull out the weeds and superfluous plants, leaving one vigorous plant in a hill. The hoeing is performed by persons able to handle a hoe. When the beets are harvested the plowing out is done by the farmer, and the adult Mexicans strike off the tops and tails with a topping knife, throwing the beets in piles.

The rows are hoed as often as deemed necessary by the field man employed by the sugar company, and usually two or three hoeings are sufficient. The Mexicans arrive about April 15 or May 1. Whenever the crop is clean, the workers are at liberty to do outside work, earning current wages at gathering tomatoes, picking sweet corn, shocking grain, making hay, topping onions, husking corn, or doing whatever work is offered at the season. From August 1 to September 15 the beet worker generally has an opportunity to do other work to earn extra money outside of his contract. Industrious workers are able to earn $75 or $100 in this way.

A Mexican contracts 15 or 20 acres if his family consists of himself and wife and only small children, but if there are several adults in his crew he can tend as many as 30 or 40 acres. An able Mexican cares for about 8 acres, but some with considerable experience and unusual speed can undertake 15 acres. In case of continual wet weather and rapid growth of weeds the task is increased. The contract price is $23 in the Michigan territory and $24 an acre in the North Dakota and northern Minnesota country, payable in three installments. The first payment is made after the blocking and thinning is finished, $8 per acre. The second payment is made about August 1, when the final hoeing is finished, $7 per acre. The last payment of $8 or $9 is made in October, when the topping is finished. The Michigan and Ohio sugar companies deduct $5 an acre to repay them for the cost of transportation, taking out $1.50 an acre from the first payment, $1.50 from the second, and $2 from the last.

The Iowa, Minnesota, and North Dakota companies absorb the cost of transportation, but hold back $1 an acre from the first payment and $1 an acre from the second as a forfeit in case the contract is not completed by the Mexican, returning this $2 an acre with the final settlement. The fairness of this deposit is justified on the ground that the Mexican is likely to drift away during the season, when he is offered good wages at other work, and the company will have to pay another man a premium to get the beets harvested, and that sometimes the Mexican will fail to keep his fields clean and the farmer will have to hire extra help. A number of Mexicans who have become expert toppers wait until a worker has given up his field, and then finish the work at good wages, occasionally making $10 or $15 a day. To a man who pays his own way to the beet fields and makes a contract locally the Minnesota company pays an additional $1 an acre, or the equivalent of his traveling expenses.

To equalize the compensation in case the crop is heavy the sugar companies pay a bonus of 75 cents a ton for every ton of beets produced over 9.2 tons per acre. This bonus is not paid until the following January, when bonus checks are mailed to those contractors whose fields yielded an excess tonnage. Practically all the checks are mailed to addresses within the United States. About half the beet workers leave for the border States about November 1. Most of the others go to the cities to get work in foundries and shops, but of these a number drift to Texas before spring. A small number remain in the beet country, some obtaining a little work from farmers and on railroads, and others living on their summer's earnings. One large beet company is experimenting with a plan of encouraging their workers to stay in the locality, with the idea that this will help them familiarize themselves with the language, laws, and customs of the people, give their children a chance to attend school, and save the company the expense of recruiting and transportation in the spring.

The following table shows the earnings and number of Mexicans engaged in tending sugar-beet fields during the season of 1926 in the territory covered in this report.

	Number of workers	Average per person
Michigan	6,720	$143.75
Ohio and Indiana	3,264	143.75
Minnesota	1,506	146.90
North Dakota	1,270	152.27
Iowa	2,018	147.73
Total	14,778	145.34

I do not know whether the article in the United States Daily is the complete report or not, but I am reliably informed from authoritative sources that all of the figures and facts are not in the article. In fact, the picture is even blacker; the conditions are even worse than contained in this article. The gentleman will recall the exhaustive hearings held by the Committee on Immigration of the House on the Box resolution. The gentleman from Texas [Mr. Box], and others have spoken on the floor and described the terrible conditions existing on the beet fields, the miserable wages paid, the employment of entire families, including little children, the crowding of these unfortunate people in huts and the manner in which they are imported from Mexico each year. I repeat that this House and the country is entitled to all of the information on the subject that the Department of Labor or any department of the Government may have. This is the letter I wrote Secretary of Labor Davis:

MAY 8, 1929.

Hon. JAMES J. DAVIS,

Secretary of Labor, Washington, D. C.

MY DEAR MR. SECRETARY: I expect to have something to say within a very few days concerning the labor conditions on the beet fields. In order to avoid any misunderstanding as to the facts, I want to bring to your attention a situation to which I expect to refer if it is not straightened out.

I have been reliably informed that the Bureau of Labor Statistics of your department or some other bureau of your department made a survey or investigation of labor conditions in the sugar fields of Ohio, Michigan, Iowa, Minnesota, and North Dakota. This report or statement or finding, whichever it may be, was reproduced in one of the Washington papers in 1927. I asked Mr. Stewart in charge of the Bureau of Labor Statistics about this and while he had some recollection of some data on the subject, he requested me to take the matter up with Mr. Husband, Assistant Secretary of Labor. He stated that I had better take the matter up with Mr. Husband as it had been referred to him. I took the matter up with Mr. Husband over the telephone. Mr. Husband stated that he did not remember any "survey," or that he did not know that there was any "report."

Now, Mr. Secretary, I don't care what you call it, but there is no doubt that the condition was looked into by your department and that a report, survey, statement, or finding, or whatever you want to call it, was actually made. Mr. Husband said that perhaps there was, but that

he had so many things on his desk he could not locate it just then and promised to let me know.

You know very well that the conditions on the beet fields are very bad. In fact, hearings before the Committee on Immigration before the House disclose the unfavorable labor conditions there existing. I know that there is tremendous influence being brought to bear now to suppress the facts. I am sure that you would not countenance the suppressing of any official data in your department.

I therefore now place the matter before you with the request that a copy of this report or survey or finding of the conditions on the beet fields in the States above named, which was made some time in 1927 and which was reproduced in one of the Washington papers in the month of July, 1927, be furnished me at your earliest possible convenience, as I need this information in the course of my congressional duties within the next few days.

With kind personal regards, I am,

Very truly yours,

F. LAGUARDIA.

To date I have received no reply. Apparently this report and all information on the subject has been suppressed by people interested in beet sugar and who are ashamed—no, I will take that back; they are not ashamed, but who fear the facts, the real conditions of labor on the beet fields, being discussed at this time that they are seeking the tariff on sugar.

You must look at this sugar question in a broad, national way. Of course, we can not protect every industry under the sun by a protective tariff. We are fortunately situated in having the priceless Territories of the Philippines, Hawaii, and Porto Rico. We are so closely related to Cuba and under moral obligation to Cuba that we can not destroy these four islands in order to put on a tariff to satisfy a few exploiting, greedy employers of Mexican peon labor. [Applause.]

Now, why does it concern me so much? Gentlemen, sugar is a necessary of life. It is not a luxury. We consume in New York City no less than 677,300,000 pounds of sugar a year. It was stated on the floor of the House that sugar is cheaper in the United States than in any other country in the world. Well, thank God for that! What is wrong about it? Fortunately situated as we are, of course sugar is cheaper. It is about the only thing that is cheap in the United States. And what have we to show for it? We have the happiest and healthiest children in the world to show for it. Do you want to take that away from us? Oh, it is no laughing matter.

Ask any of the boys who served on the other side during the terrible days of the war. Ask any of those boys about the anemic, pale, weakened, and rickety condition of the children, due entirely to the lack of sugar. There was not a doughboy in the American Army who did not buy all the chocolate he could get to give to these little kids who needed sugar. [Applause.] You can not justify this increase in the tariff on sugar. I believe if there is no logrolling and no trades made that on a vote, if we have an opportunity to vote for it, we can vote the proposed increase down, and if you do not give us that opportunity you are going to put every Representative from a city and from an industrial center in a most embarrassing position, and the fate of this bill may become very doubtful.

The other day two gentlemen from the conservative State of Maine made an appeal here for an increased tariff on potatoes. Come into New York and find the price of potatoes. It is not a tariff you need on potatoes, but it is a sensible system of distribution so that you can get your Maine potatoes and your North Dakota potatoes into New York and into other cities so that they can have the benefit of your abundant crops of potatoes. But let me not get away from sugar. It was suggested that the 64 cents a hundred would not be reflected in the retail price. Well, in the name of common sense if it is not reflected in the retail price why the tariff? Who do you suppose is going to pay the 64 cents a hundred? The beet grower and the beet-sugar refiner? Of course, not. The 64 cents a hundred, by the time it gets to the wholesaler or jobber, will be $1 a hundred. You can not get away from that, and by the time it gets to the consumer it will be $2 a hundred. Mark you, it takes 107 pounds of raw sugar to make 100 pounds of refined sugar, so that your 64 cents will immediately jump and the minimum increase you can possibly have will be 1 cent, but I believe it will be 2 cents by the time it reaches the consumer. If its price is increased but 1 cent to the consumer, New York City alone will be taxed $6,673,000, and I say the consumers of New York protest against this unjust and unnecessary tariff. Your farmers do not grow any sugar but they consume sugar, and you go home and explain to them your vote on sugar when they start to pay for it, for it will be the first thing that will be reflected in retail prices of this whole tariff bill.

It has been stated that there are 40,000,000 farmers in this country. The estimated consumption of sugar by the farmers is about 4,160,000,000 pounds. This is a very conservative and accurate estimate. If the retail price is reflected but 1 cent a pound it will mean $41,600,000 that the farmers of this country will have to pay to artificially create a beet-sugar industry and destroy the Philippines, Hawaii, Cuba, and Porto Rico. If the increase is 2 cents a pound, the retail price as I anticipate, $82,000,000 a year will be taken from the pocket of the farmers. I point this out to my colleagues representing the farmers. And I say this because of the rumors that have been going about concerning the possibility of various blocs agreeing on the sugar schedule in order to obtain increases in other schedules. If the Members interested in hides, leather, casein, long-staple cotton, lumber, and other commodities form any such combination let me warn you that you are paying more and a hundred times more than what you are getting.

I want to congratulate the very able and effective delegation from Michigan. I think we all agree it is one of the most effective delegations in this House. But they specialized on sugar in this bill; they got their rate and they are all happy. In their anxiety and in their eagerness, however, they overlooked some very good things, and wait until they get home and they will hear about them. I concede that because of the combination of the effective and able delegation from Michigan, together with the State of Utah, and particularly because of the strategic position and key position held by a distinguished statesman from Utah on the other side of the Capitol, we poor consumers are up against it on sugar. Now, what was the price paid for this tariff on sugar? Turn to the chemical schedule and this is what the Michigan delegation seemingly overlooked. Not only is there an increase on chemicals not at all in competition with foreign products but if you will turn to paragraph 2 of Schedule 1 you will find that most of the chemicals included in this paragraph are still in the laboratory stage, still in the experimental stage, so that we have no data as to any possible competition from foreign markets. Why were they put in there? Because the Union Carbyde & Carbon Co. said, "We are experimenting with these chemicals; they are going to be very useful, perhaps; they are experimenting with them in other countries, so you put them in now, so that no matter what developes we will have a monopoly." Most of these chemicals are very important to the automobile business. Michigan overlooked the fact that every chemical that goes into the making of lacquer for automobiles has been increased.

The following are a few of the increases under Schedule 1—chemicals, oils, and paints—of great interest to the automobile industry.

The phraseology of paragraph 2 has been enlarged to include all possible developments in the production of open-chain hydrocarbon compounds. The rate of duty imposed on these products is 6 cents per pound and 30 per cent ad valorem, which is in effect an embargo. Included in paragraph 2 are various aldehydes used for the vulcanization of rubber used in the manufacture of automobile tires.

This paragraph also includes esters of vinyl alcohol which are used in the manufacture of automobile lacquers.

With two or three exceptions, all the products covered by paragraph 2 are laboratory curiosities and so far have not been produced nor used in this country in commercial quantities. The sole beneficiary of this enlargement of the phraseology of paragraph 2 with embargo tariff rate is the Union Carbide & Carbon Corporation.

The embargoing of these products stifles progress, for it prohibits the use by consumers of probable new chemical discoveries in foreign countries.

Paragraph 11 provides for synthetic gums and resins at a prohibitory rate of 4 cents per pound and 30 per cent ad valorem. None of the synthetic gums and resins have been produced in this country nor have they been imported. These synthetic gums and resins will in the near future be commercially used for the production of automobile lacquers and artificial leather used on automobiles. The rate of 4 cents per pound and 30 per cent ad valorem is compared with free of duty under the present tariff act.

Paragraph 65 provides for phosphorus oxychloride and phosphorus trichloride at 6 cents per pound. This is approximately 100 per cent increase over the former rate of 25 per cent ad valorem. There is only one domestic manufacturer of these two commodities. Their chief use, if not sole use, is for the manufacture of plasticizers used in the production of automobile lacquers. This increase in duty will undoubtedly appreciably increase the cost of production of automobile lacquers.

Wait until Henry Ford hears about that, and the Michigan delegation will wish they had never heard of sugar. [Laughter.] In one item, ethylene glycol, there was an increase from 10,000 pounds in 1922 to nearly 12,000,000 pounds in 1927, and yet they increased the tariff. Gentlemen, there is no justifica-

tion for that. That chemical schedule is seemingly unimportant, because you can not make an interesting newspaper story out of a chemical schedule. The public generally can not grasp the importance to them of ethylene chlorohydrin, ethylene dichloride, and so on.

I must not overlook blackstrap, upon which a new duty has been placed. A duty just high enough to increase from 6 to 8 cents a gallon the cost of industrial alcohol, so important and essential to the automobile industry. Perhaps the gentlemen who are looking after sugar, so eager to get an increased tariff, forgot entirely the industrial use of blackstrap and its effect on the automobile industry.

You can not get a headline about the chemical schedule. It is all hidden. The public generally does not appreciate how these chemicals enter into the price of almost everything they need and buy. Most of the chemicals upon which a tariff has been increased are not really in competition with any foreign production. In most instances the increase is entirely unjustifiable.

I say this to bring home to the Michigan delegation the fact that in order to help beet sugar they paid a very dear price not only by increasing sugar, necessary to every child, man, or woman in this country, but by overlooking increases to essentials to their own automobile industry, the mainstay of their own State.

Here is another example of unnecessary and unjustifiable increase in the chemical schedule:

Paragraph 80 provides for potassium nitrate or saltpeter refined at 5½ cents per pound. This is an increase of 1,000 per cent over the former duty of one-half cent per pound. The duty of 5½ cents per pound is higher than the selling price of this commodity, which is 4½ cents per pound. There is one manufacturer of potassium nitrate—Renwick & Batetelle, of New Jersey. Potassium nitrate is used for curing meat and in the manufacture of gunpowder and fireworks.

This bill provides for all of the chemicals which were increased by the Tariff Commission under the flexible tariff provisions at the increased rates notwithstanding the fact that the competitive conditions relative to certain of these products are no longer the same as they were at the time the increases were made by the Tariff Commission. This is particularly true of methanol or wood alcohol and sodium nitrate.

Gentlemen, I hope there will be no combination on hides, bricks, and casein in defense of this sugar tariff. If there is, there will be a merry war on. The gentleman from Maine, a staid Member, a conservative Member, made that statement for potatoes, and surely I am justified in making the statement when I am seeking to prevent having imposed a tax of $6,000,000 to $12,000,000 on the people of my city.

Now, gentlemen, a new principle has been invoked in the making of this tariff bill. Heretofore a tariff or an increase of tariff was based on national necessity.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. HAWLEY. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. LAGUARDIA. I thank the gentleman.

As I was saying, it was based on national necessity of the entire industry. This time you have invoked a new principle by placing a tariff on bricks and cement, and brazenly admitting it would affect only the consumers on the Atlantic coast. Gentlemen, there is no justification for an increased tariff or a new tariff on any commodity when the national conditions are such that the increase would be paid for only by a part of the population living on the Atlantic coast.

This is the justification for your duty on bricks and cement.

Now, let me say to the farmers, if this statement is not so, then the price of cement and brick will reflect on your consumers and you have to stand by it; but if it is so, then you can not afford to ask the people of New York to pay a duty on tomatoes and on fresh vegetables, because we are distant from the market, and then impose a duty on us because we are close to another market. Have a heart, boys. You can not do that. [Laughter and applause.]

One gentleman stated that ships are coming to New York with bricks as ballast. Why, every protectionist ought to be glad of that. Why does the ship come to New York with brick as ballast? Because that ship is coming to New York to take manufactured goods back to its own country. That is why it is coming in. That is an advantage. That is nothing to be deplored.

The mere fact that we have a market for Belgian brick in New York that can come in and be consumed and used on the eastern border of the United States means we have created a market in Belgium for typewriters, for shoes, for harvesting machines, for automobiles, and for other American products so important to our prosperity.

So to take the attitude, and to brazenly admit it, of imposing a tax on bricks and on cement because it will only reflect on the consumers on the Atlantic coast is invoking an entirely new doctrine, which is entirely unjustified, in your whole system and history of a protective tariff.

Gentlemen, I hope there will be no combinations formed or alliance made to seek to keep in this unjust tariff on sugar, and in the name of the healthy, happy childhood of America I ask that you stand by us and defeat this schedule. [Applause.]

Mr. GARNER. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. CELLER].

Mr. CELLER. Mr. Speaker, regardless of the many criticisms that doubtless will be offered about the proposed tariff bill, the Committee on Ways and Means may well be congratulated for having refused to adopt certain ideas ardently and forcibly presented to it by well-meaning representatives of various interests. Two great principles of Government policy, admittedly departing widely from the historical policies followed by our Government in its history were advanced as sound and deserving of adoption. The committee has refused to commit our people to a course of action completely deviating and opposed to the great principles laid down in the Constitution; it has refused to commit this country to an imperialistic course of action which our independent and free citizenry once repudiated by founding a democracy. To have treated our insular possessions, particularly the Philippine Islands, as a foreign country, and to have denied free entry to the products of the soil or industry of the islands, would have definitely committed us to a policy of colonial exploitation directly opposite to the policy announced and followed in the years succeeding our occupation.

The other new idea advanced involves most intimately the entire tariff structure. The committee was asked to place a duty on bananas, not because there was a domestic production which required protection, for there is none, but because bananas competed with other fruits such as apples, and in food value competed with our cereal crops. It was seriously argued that the imports of bananas were equivalent to many hundreds of thousands of acres of wheat and potatoes, for example. The committee has repudiated this type of tariff argument, and has recognized that the argument of substitution is one of the most dangerous ones ever advanced because of its obvious unsoundness and spurious persuasiveness.

Let us carry it forward a bit and see what it leads to. One of the great farm products and sources of the farmer's income is fresh milk, consumed universally. On the theory of competition by substitution, every cup of coffee, tea, chocolate, and cocoa replaces a cup of milk. Therefore, if we placed high duties on these products, we might possibly force the consumer to drink more milk, because other table beverages were more expensive. How ridiculous this all is! You might just as well place a prohibitive tariff on pyjamas, because our factories can produce nightshirts more cheaply. The consumer is not asked what he wants; he is to be told through tariff legislation that he must eat more of this or that, even though he has no desire for the product figuratively shoved down his throat. The gentleman from Illinois [Mr. CHINDBLOM] most adequately summarized this ridiculous idea when, during the course of the public hearings, he said:

"De gustibus," they tell us, "non disputandum est"—

Which meaneth, when translated, that all is for the best.

In other words, you can not make much argument on the matter of tastes.

The committee is to be congratulated for refusing to consider the requests made for the placing of duties on antiques, various works of art, foreign-language books, and Bibles. It surely needs no extended argument that you can not create art by means of a tariff. No great picture was ever painted because of a protective tariff. It is obvious that any measure that permits our people to grow in appreciation of artistic and beautiful things, and to learn of the progress of artistic work and literature in other countries, is of great benefit because of its raising the cultural tone of our communities. It would indeed be a sad thing if we could only see the artistic creations of foreign countries in museums and were barred by high tariffs from having them in our homes.

Coming from the largest city in this country, I have been able to keep in close contact with our industries, and to see at first hand their problems and difficulties. Regardless of political beliefs, we all desire that our neighbors and fellow citizens be prosperous, and that everything that may be legitimately done be undertaken to keep them contented, happy, and living on a

decent scale. For that reason, and because of my personal knowledge, I am decidedly in favor of the rates suggested in the bill on a number of different commodities, although I must protest against some of the rates offered for certain food products. I think the committee did well not to increase the duty on straw braids, the raw material for an important hat industry in Brooklyn, although it might well have placed these braids on the free list, since practically all of our raw material is imported. In the case of imitation pearls there is an important business in Brooklyn manufacturing various forms. The bill proposes to leave the present duty on the higher grades without change, but increases the duty on the cheaper varieties. This will probably help our domestic manufacturers meet the strong competition exerted by imports of cheap imitation pearls from Japan mainly.

In retaining jute on the free list the committee again repudiated the substitution idea. It was argued that a high duty on jute would force the use of cotton. What better example can we have of how local an issue a tariff becomes, when one group of producers demands a rate of duty in the hope of stimulating the sale of their raw product, but refuses to even consider that if the action is granted it will mean the destruction of a large business like that found in Brooklyn, whence I came, founded many years ago, when it was a generally accepted principle in tariff legislation that raw materials not produced in the United States should be free of duty.

Coming from Brooklyn, an industrial center, I can not refrain from calling your attention to the great increases in the duties on meats of all kinds. At the present time all meats are very high in price and all indications are that they will stay so for a long time to come. Surely now is the time to favor importations to supplement our domestic supply and to prevent prices going so high that the consumer will be unable to buy and the cattlemen unable to sell. Our cattle population has been declining for a number of years, and our human population is increasing. What are the possibilities of expanding cattle production? The range country is gone; the cattle baron of the great Southwest has become a legendary figure; more and more we will have to depend on not only our own supplies, but what we can buy in the world market. To-day we get no meat from Argentina because there is hoof-and-mouth disease there, and imports are forbidden. So in the face of closing the doors through health regulations on our greatest potential source of imports, we double the duty to prevent any trickling over from Canada except at high prices. This is not a measure of true farm relief. It will help the small farmer hardly at all, if in fact, it does not actually hurt him. It may help a relatively small number of cattle feeders. If we must help these people then the duty on lean cattle could have been reduced and they could buy thin cattle in Canada and Mexico and fatten them on our farms. In that case an increase in the duty on beef might be justified. If this duty is accepted, then the city dweller must be prepared to cut down his consumption of meat unless he is willing to pay greatly increased prices. Time is a great healer, and it is possible that some of our friends have already forgotten the consumer strikes in 1919 and 1920 which forecast the great slump in the prices of foods a year later. The consumer learned his power then and he has not forgotten. The cautious buying of food was one lesson of the war and subsequent years, which is still fresh in the memory of the housewife.

I greatly regret that the committee did not see fit to reduce the duties on olive oil. Here is the highest-priced and most desirable of edible oils. With a reputation extending back to the dim Biblical times, even to-day olive oil is prescribed by physicians and recommended by our dietitians as the finest and best of our table oils. Yet we have a duty of about 50 cents a gallon when imported in barrels, and much higher when imported in cans. What does this duty protect? American olive oil? Our production in California is only about 1 per cent of our consumption. To put it before you plainly—in 1928 the duty collected on our imports of olive oil was more than $5,000,000, and our domestic production was valued at about $500,000. Think of it! The duty collected is ten times the value of our own production. Ridiculous, is it not? But the duty is left alone presumably on the theory that it protects cottonseed and corn oil. In my district there are many hard-working citizens of Italian and foreign origin. For them olive oil is an important staple food. They are good Americans; they pay taxes; generously support our public institutions. They can not see why every one of the foods they are traditionally fond of should be singled out for high duties. The bill increases the duty on cheese 40 per cent over the old rate, which was none too moderate. Now they will have to pay 35 per cent, but not less than 7 cents per pound. But, remember, none of the cheese they import from Italy is made in the United States. Again we are faced with the idea that we must force the consumer to take things he does not want.

Another example of this is the attempt made to remove tapioca from the free list. Here is something not grown in the United States. It has been on the free list for the past 50 years. The imports are used for foods, but largely for the manufacture of certain adhesives, gums, and dextrines. Our own Government buys gums made from tapioca only. Our veneered furniture is made with a wood glue made from tapioca. In other words, many special uses have been developed from tapioca which can not be adequately supplied by cornstarch or other common starches. Yet the thought is advanced that a starch is a starch and that all starches can be interchanged regardless of their properties. It is another banana-and-apple story. It is farm relief gone wrong. Put a duty on tapioca and all our furniture makers will pay it in higher prices for their necessary wood glues, but they will not buy a pound more cornstarch. The net result will be higher prices for the consumer and an increase in our customs receipts. Surely that is not what is meant or wanted when we speak of farm relief through the tariff.

I am one of those Democrats who take a rather practical view of the tariff problem and feel that, whatever position economists may take on theoretical grounds with respect to free trade, this country is committed to the protective theory. I am not, however, one of those who take that view of the protective policy which entails shutting all doors of the American markets to foreign goods. I believe in that measure of protection of American industry, efficiently and economically operated, which will assure fair competition in the markets of the United States, maintenance of American standards of living, and an adequate supply to consumers at reasonably fair prices. I am not in favor of the application of the protective theory in a manner to benefit special interests at the expense of other producers and the public generally. In making these few comments I wish to make clear that I realize the herculean task which confronted the Committee on Ways and Means in bringing out the new tariff bill in the comparatively short time which they have.

I believe that a tariff should be imposed upon the shoe industry which is not in a prosperous condition. In fact, in certain sections it is suffering rather severely. I realize that the imports of shoes are comparatively small, but they are increasing and the threat is sufficient to serve to demoralize the industry, especially in the depressed condition in which it has found itself recently. The protective principle certainly ought to be applied to an industry in the condition of the shoe industry, and to an industry confronted with increasing imports from a country, such as Czechoslovakia, where wages are considerably below those in this country. This duty on shoes is certainly in keeping with the test to be applied to tariff revision laid down in the presidential message to the Congress.

Now one thing more and I will conclude. I am, as previously stated, a representative of an industrial area, the Borough of Brooklyn. It is a city of factories. My district has many factories, and naturally I must in some degree respect the sentiment that prevails in my district. I must particularly represent the attitude of the manufacturers of my district on boots and shoes. Lynn is not the only place where they manufacture shoes. Neither is St. Louis. I want to tell you that Brooklyn makes more ladies' shoes than any other industrial spot or area in the world. The Brooklyn industry is going into the doldrums unless you give us some relief and some protection. The shoe manufacturers are asking for a 25-cent duty on shoes. I am not one of those selfish persons. I am willing to stand for some farm relief, and as proof of that I wish to state that I voted for the farm relief bill which was presented to this House. I am willing to go to the extent of giving the shoe manufacturers some protection on boots and shoes, and I am personally willing to go to the extent of giving the farmers some relief, some protection on hides. But if you give a relief on hides you must give a compensatory rate on shoes additional to the 25 per cent asked for. I hope, however, that the two will be considered separately. Be it known, however, that the farmer might not get much protection if you take hides off the free list. There is plenty of information in the record which shows that the farmer might get the worst end of the stick if hides bear a 30 per cent duty. He would pay more for his belts and belting, harness, brogans, shoes, bags, suitcases. If a 30 per cent duty were made fully effective, the increased leather cost in this country would be about $225,000,000. I believe the farmer would thus lose more than he would gain. However, I am willing to vote for both—duty on hides and duty on shoes. In this I speak for myself and not for any shoe manufacturer.

Mr. SCHAFER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. CELLER. Yes.

Mr. SCHAFER of Wisconsin. Is the gentleman willing to protect the calf-leather industry, which is nearly bankrupt?

Mr. CELLER. Certainly; I must go the whole way.

Mr. SCHAFER of Wisconsin. On the finished leather.

Mr. CELLER. I do want to point out to you that the surest sign of distress in an industry is where you have a great increase of imports and a great decrease of exports. I need but point out to you some few figures to show you the difficulties of the shoe industry in Brooklyn and throughout the Nation in that regard.

IMPORTATION OF SHOES, 1922–1928

The following is a table showing the increase in number of pairs of leather shoes imported duty free from 1922 to 1928, inclusive:

	1922	1923	1924	1925	1926	1927	1928
Men's and boys'	134,501	206,664	276,156	310,269	233,787	306,370	395,825
Women's	47,973	115,119	264,762	272,937	484,895	982,220	2,018,269
Children's	17,264	77,146	45,771	231,437	351,059	188,845	202,790
Total	199,738	398,929	586,689	814,643	1,069,741	1,477,435	2,616,884

NOTE.—The foregoing figures for the year 1928 are preliminary and subject to adjustment. They do not include leather slippers, duty free, of which 633,998 pairs were imported during the year 1928.

EXPORTATION OF SHOES FROM THE UNITED STATES, 1923–1928

The following is a table showing the decrease in numbers of pairs of leather shoes exported from the United States from 1923 to 1928, inclusive:

	1923	1924	1925	1926	1927	1928
Men's and boys'	3,187,623	2,586,503	2,702,669	2,590,231	2,477,117	1,870,493
Women's	2,292,961	2,191,725	2,406,669	2,013,679	1,897,478	1,783,342
Children's	1,861,413	1,519,849	1,494,233	1,102,959	1,139,479	666,435
Total	7,341,997	6,298,077	6,603,571	5,706,869	5,514,074	4,320,270

NOTE.—The foregoing figures for the year 1928 are preliminary and subject to adjustment.

The decrease in our foreign export trade during the past six years has been approximately 41 per cent.

For the first time since 1789 leather shoes were placed on the free list by the tariff act of 1913 and were continued upon the free list by the act of 1922, which is now in force. During the year 1922 less than 200,000 pairs of such shoes entered the United States, while in 1928 over 2,600,000 pairs entered, as is shown by the following table:

	1922	1928	Per cent increase
Men's and boys'	134,501	395,825	294
Women's	47,973	2,018,269	4,207
Children's	17,264	202,790	1,174
Total	199,738	2,616,884	1,310

These are exclusive of duty-free slippers, imports of which totaled in the year 1928 633,998 pairs.

Note the following comparison of imported footwear—free and dutiable—first three months of 1928 and 1929, just received from the United States Department of Commerce:

	1928		1929	
	Pairs	Value	Pairs	Value
Boots and shoes (free)	754,968	$2,315,773	1,592,031	$4,591,914
Men's and boys'	74,578	405,022	104,608	581,878
Women's	602,698	1,736,514	1,402,384	3,815,330
Children's	77,692	174,237	85,039	194,706
Slippers (free)	93,013	116,490	270,162	466,050
Dutiable footwear	190,922	38,133	255,743	56,523

All foreign shoe-producing countries except England have tariff walls against American-made shoes, so that while the product of European factories enters our market free of duty we are unable to export to foreign countries without the payment of very substantial duties.

Shoe tariff walls against America surround Czechoslovakia, France, Italy, Germany, Spain, Switzerland, Austria, Canada, and even Cuba.

European shoe manufacturers are invading our unprotected market by the use of American methods and machinery and under wage and living conditions far below those existing in the United States. If wages and living conditions of American workmen are to be maintained it is necessary that some action be taken for their protection, and a proper adjustment of the tariff schedules as they apply to shoes is a most pressing present need.

In New York City there was produced $81,000,000 worth of shoes. It is interesting to note that Brooklyn produced $52,000,000. This shows the importance of Brooklyn as a shoe center, but it is painful to relate that in Brooklyn alone there was a falling off $8,000,000 production in 1928 as against 1927. In the State of New York there were 334 shoe factories with 39,157 workers. New York, therefore, has an important stake in this industry.

In view of the declining shoe exports, in view of the greatly increased imports of shoes to this country, and in view of the further fact that labor in Europe is about one-third the cost here in the shoe industry, and in order to equalize (upon the good, sound Democratic doctrine) the difference between the cost of production and labor here and abroad (because I am willing to subscribe to what our good Governor Smith said in his Louisville speech), we must indeed, and the conclusion is inescapable, have this 25 per cent duty on boots and shoes. [Applause.]

However, I desire to point out an objection which I have to a provision of the act, as it is given to us, with reference to its administrative provisions.

You will note if you read carefully section 402 that there are a number of amendments to that section providing that if the appraisers can not find the foreign or export value they may determine the United States value, or in lieu thereof the cost of production value or American selling price. Then the section goes on to say that the determination of the appraiser in determining which value shall be applied shall be conclusive, and the only appeal that the importer shall have is to the Secretary of the Treasury.

Ever since we have had tariff legislation, ladies and gentlemen, the question of the determination of the type, manner, or mode of appraisal has always been appealable to the courts. Under the present law the importer, aside from appeal to the Secretary of the Treasury, may appeal to the Customs Court and the Court of Customs Appeals. And now, for the first time, an attempt is made to take away from the importer his right of appeal to the courts as to the manner, mode, and selection of the appraisement.

Of course, the amount of duty is a question of fact. That determination is always administrative. There ought to be no appeal as to that to any court, but the class of duty, whether it shall be of foreign value or of American value, is a question of law and that has always been appealable to the courts. That appeal should not be cut off.

Now, with regard to the bill as now written, very shortly after its enactment you will have an appeal to the courts and you will have cited a case which I ask members of the committee to make a note of. It is in United States Supreme Court and Chief Justice Fuller wrote the opinion at the October term, 1897. It is entitled "United States Against Passavant," 169 United States Report, page 16.

Chief Justice Fuller delivered the opinion of the court.

The thirteenth section of the customs administrative act of June 10, 1890 (c. 407, 26 Stat. 131), relates solely to the appraisement of imported merchandise, and declares that the decision of the Board of General Appraisers, when invoked as provided, "shall be final and conclusive as to the dutiable value of such merchandise," and directs the collector to ascertain, fix, and liquidate the rate and amount of duties to be paid on such merchandise and the dutiable costs and charges thereon.

Section 14 provides that the decision of the collector as to the "rate and amount of duties, * * * including all dutiable costs and charges, and as to all fees and exactions, of whatever character, except duties on tonnage, shall be final and conclusive," unless the importer protests and appeals to the Board of General Appraisers. This section clearly allows and provides for an appeal by the importer from the decision of the collector, as to both rate and amount of duties, as well as dutiable costs and charges, and as to all fees and exactions.

By section 15 it is provided that, "if the importer * * * or the collector * * * shall be dissatisfied with the decision of the Board of General Appraisers, as provided for in section 14 of this act, as to the construction of the law and the facts respecting the classification

of such merchandise and the rate of duty imposed thereon under such classification, they or either of them, may * * * apply to the circuit court * * * for review of the questions of law and fact involved in such decision."

In United States *v.* Klingenberg (153 U. S. 93, 102) it was said by Mr. Justice Jackson, speaking for the court: "The right of review by the circuit court is coextensive with the right of appeal to the board, as to all matters except the dutiable value of the imported merchandise, as to which the decision of the Board of General Appraisers is, by section 13, made conclusive. Now, by section 14 of the act, if the decision of the collector imposes an excessive amount of duties, under an improper construction of the law, the importer may take an appeal to the Board of General Appraisers, whose decision on such questions is not made conclusive as it is in respect of the dutiable value of the merchandise, and, not being conclusive, it is subject to review under the express provisions of section 15."

Again the same principle was upheld in the case of Maddaus *v.* United States (3 U. S. Ct. Cust. Appls. Repts., p. 330, No. 853), decided May 31, 1912.

One can not help but entertain doubt as to the wisdom of the increase in the duty on sugar. Under the increased rate in the 1922 act the production of sugar has increased in the insular possessions, Porto Rico, Philippine Islands, and Hawaii. Production of Louisiana cane sugar and beet sugar has remained practically stationary. In spite of the exceptionally low prices which have prevailed for sugar during the last few years, the beet sugar companies, if one is to judge from their financial statements, have prospered. The sugar-beet farmers, in whose name the increase in the sugar duty is made, may profit by such an increase, but the lion's share of benefits will accrue to the Hawaiian, Porto Rican, Philippine Island, and beet-sugar producers. And the public generally will be taxed an amount through this increased duty far in excess of the possible benefits which can accrue to the sugar-beet farmers.

Our export trade presents a situation that should be very carefully considered in connection with the formulation of a new tariff bill. The United States has become a creditor nation and we must keep in mind that trade under modern conditions is very apt to follow foreign investments. Those having investments in foreign countries will, as time goes on, become more keenly interested in the productive possibilities of these countries, and in the trade of those countries with the United States.

Furthermore, increased capacities of productive units in the United States, particularly as a result of the World War, have made the disposal of the surplus, marginal portions of domestic production, of increasing importance. At the present time the United States exports about 10 per cent of its domestic production. To be sure, the United States is by far the most important market for American products; however, we must not lose track of the fact that to the extent that foreign markets are unable to absorb the marginal surpluses of domestic production the domestic industries dependent upon these markets will be compelled to operate at lower capacity, less efficiently, and at greater cost. This is bound to have a detrimental effect upon our industries and is apt to jeopardize the productive prosperity of the United States and to deprive our workers of steady employment.

These considerations are aside from another important phase, namely, if foreign countries are to repay their indebtedness to the United States and to trade with us they must have an outlet for their products, for they can only continue to trade by paying us either in the form of commodities or services. This does not necessarily mean that each country must trade directly with us, but in shaping our import tariff policies we must not make our tariff so prohibitive that it will be impossible for foreign countries to trade with us. Excessive tariff barriers will make it difficult for countries indebted to us to pay us either directly through goods or services sent us or indirectly through goods or services sold to other countries whose products are shipped to this country.

The Republican member of the Ways and Means Committee from New Jersey [Mr. BACHARACH] fully recognizes the importance of this condition, for he is quoted in the May 8 copy of the Journal of Commerce as saying:

> But should the rates carried in this bill be approved by the Senate, I believe we will have reached that point in tariff legislation beyond which we can not go without the danger of seriously interfering with our foreign trade.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. HAWLEY. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. MAPES, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (H. R. 2667) to readjust the tariff and had come to no resolution thereon.

PEANUTS

Mr. LANKFORD of Virginia. Mr. Speaker, I ask unanimous consent to print in the RECORD an address I made on peanuts.

The SPEAKER. Is there objection?

There was no objection.

Mr. LANKFORD of Virginia. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include an address made by me on the subject of peanuts:

The address is as follows:

The second district of Virginia is probably the greatest peanut-producing section of a similar area in this country, and the beautiful little city of Suffolk, located in the center of that area, is the greatest peanut market in the world.

Many years ago, I am advised, some one took peanuts to China to attempt their cultivation. The Chinese took to peanuts like a duck to water, and what those Chinese don't know about peanuts now is not worth knowing. In 1914 they were beginning to interfere materially with the sale of American nuts. During the years of the World War these peanut shipments ceased, but, beginning again in 1922, they began to ship peanuts to this country in great quantities. In 1922 peanuts, both shelled and unshelled, were imported as follows, these figures being taken from the foodstuff division, Bureau of Foreign and Domestic Commerce, and figures being given only in the millions:

	Pounds
1922	11,000,000
1923	52,000,000
1924	61,000,000
1925	83,000,000

During the recent disturbance in China the importations dropped off and for 1926 there were 46,000,000 pounds; 1927, 43,000,000 pounds; and 1928, 69,000,000 pounds. So you can see they are now after the American market in earnest and unless our American farmers are given protection they can not possibly survive this competition.

Peanuts are a commodity not connected with any other schedule and to allow an adequate tariff on peanuts would disrupt no other schedule in the tariff bill.

I am frank to say that I do not believe the farm relief bill will materially affect our peanut farmers. The only thing which can help them is an adequate tariff on peanuts which will protect them from this cheap Chinese competition.

The prevailing wage in China is from 10 to 15 cents per day, frequently less than this, as they are raised by women and children on little plots of their own, and there is no way to estimate their wages.

Depending on Mr. Hoover's promise to save the American market for the American farmer I have told the peanut farmers of my district that they could depend on Mr. Hoover and the Republican Party to make this promise good. I believed it and they believed me. Chinese peanuts are raised, brought across the ocean on empty ships returning from China, largely as ballast, and landed in San Francisco and Hampton Roads and sold at 2¼ cents a pound. They send over principally the shelled peanut and only the large, select nut, corresponding to the Virginia Jumbo, named for and made famous by Jumbo, the elephant in Barnum and Bailey's circus. The American field-run peanut has an average of only 40 per cent of these Jumbo peanuts, hence an American buyer would pay less for the American field-run nut than for the select Chinese nut. This automatically reduces the tariff of 6 cents to about 4 cents.

According to the report of the Tariff Commission, Table 48, page 94, it shows the average cost of domestic nuts shelled f. o. b. mills as follows: Extra large (corresponding to the Chinese imported nut), 11.68 cents per pound.

While I can not commend too highly the work of the faithful members of the Ways and Means Committee who have labored so patiently in the preparation of this new tariff bill, and while I hesitate to express an opinion contrary to the views of that committee, having been born and raised in the peanut section and knowing the difficulties of the peanut farmers, I feel that I am prepared to speak intelligently on this subject.

At the hearings before the Tariff Commission the commission estimated the average yield per acre at 1,202 pounds. This may be true of the more progressive farmers who have the money to buy farm machinery and ample fertilizer, but it is by no means true of the average farmer, many of whom are poor negroes and who have neither the money, machinery, nor fertile land of their more successful neighbors, and we are equally anxious to help them in their industrial endeavors.

The Agricultural Department, from 1921 to 1927, found that the average yield per acre was 917 pounds, and, according to the census report, the average was 885 pounds. The gentleman from Georgia, Judge CRISP, a member of the Ways and Means Committee, who filed a brief before the committee on this subject, states in his brief that the average yield in Georgia for 1925 and 1926 was only 608 pounds per acre; and the United States Tariff Commission finds that in China

the average yield per acre is 2,661 pounds, showing the intensity with which the Chinese cultivate these nuts. We introduced before the Tariff Commission 75 farmers as witnesses, who testified that the average yield in Virginia is about 900 pounds per acre.

I attended a hearing of the peanut growers and cleaners preparatory to presenting this matter to the Ways and Means Committee. Many were of the opinion that 8 cents on shelled peanuts and 6 cents on unshelled was the fair and reasonable rate to put the American farmer on an equality with the Chinese farmer. They took the view that while 8 cents was fair that they would only ask the minimum which they felt would protect them and decided on 6 cents for unshelled and 7 cents for shelled peanuts. This, however, was the very minimum and all agreed that the American farmer could not compete with China with a lesser rate. The present bill gives walnuts not shelled a protection of 5 cents per pound and shelled 15 cents per pound. Edible nuts not shelled 5 cents and shelled 10 cents. Brazil nuts not shelled 5 cents, shelled 10 cents. We would like to have 10 cents on peanuts, but are only asking 6 cents on unshelled and 7 cents on shelled.

Last October I drove through the Peanut Belt with Secretary of Labor James J. Davis. He had never seen peanuts grow, so we stopped at a farmer's house and asked him to let us dig up a few peanuts. He gladly consented and he and his sons came out in the field with us, told us to dig up a car load if we wished, that they were no good to him and that he intended to plow them under or turn his razorback hogs in on them to grow Smithfield hams, as it would not pay him to dig them for the market. He found out who Secretary Davis was and said to him, "Won't you please take this message back to Washington for me and beg the people in Washington to protect us from Chinese peanuts." He said, "I, my sons, and daughters work hard here all the year and when we come to market our crop we find that it frequently does not pay us to dig them." He said further, "I would like to have my children dressed in decent clothes and be able to send them to school properly dressed. I would also, after working all the year, like to have an automobile, not a fine one like your's out there (we were driving a Buick), but just a Ford." He further told Mr. Davis that if he would take that message to Washington for him and get the relief that he and his fellow farmers were praying for that he could have his whole crop of peanuts. We promised to bring the message here; and here I am to-day delivering to you this message of this humble Virginia farmer who believed our campaign pledges and is now asking us to make good on them.

Peanuts are raised in practically every Southern Atlantic and Gulf State from Virginia to Texas. There is no politics in this cry for relief from the Virginia and southern farmers. I know our friends on the Democratic side are as much interested in the protection of their constituents on this commodity as I am. Judge CRISP, Judge KERR, and many of our Democratic friends, including my friend and predecessor in office, Mr. Deal, have been active in trying to secure relief for the peanut farmers.

I want to say to you in conclusion that they voted for me largely on my promise to use every effort in my power to secure for them an adequate tariff on peanuts. I was sincere in the promise I made and the hope I held out to our people. I know my party is sincere in trying its best to give relief to the farmers of our country, regardless of whether they live in Maine or Texas, California or Virginia, and I beg of you not to send me back to my people to tell them that the Republican Party, whom I held out to them as their friend, did not think enough of them to give them an absolutely necessary increase of 1 cent a pound on their peanuts.

THE TARIFF

Mr. O'CONNOR of Louisiana. Mr. Speaker, I ask unanimous consent to extend in my remarks in the RECORD a letter from the Myles Salt Works, of Louisiana.

The SPEAKER. Is there objection?

There was no objection.

Mr. O'CONNOR of Louisiana. Mr. Speaker, every Member of Congress has as constituents high protectionists, moderate tariff men, and those who want their products on the free list. There are no free traders, but there are many who desire to be on the free list. There are many who would advocate free trade if the world were not on a protection basis, and who realize that the tariff is institutional with us, as was proven by well-known Democratic Members of this House during the discussion of the pending bill, which is not a perfect measure. It is far from it from the standpoint of some of my friends and constituents and judged by the expression of some Republican members of the Committee on Ways and Means. For instance, our coffee dealers and drinkers can not understand why, inasmuch as the people of New Orleans and southern Louisiana are the only part of the population who use chickory as a delightful flavoring ingredient of coffee, the duty on it should be increased to satisfy and profit a few people in one district in Michigan.

Again our dealers in garbanzos are mystified at a removal of that food product from the free list to the dutiable list. Garbanzos are not used in this country. I know of one store at the French market in New Orleans where they may be bought in small quantities. Occasionally passengers on ships bound for Central or South America or Mexico may get them as part of the midday meal or at dinner. The only effect that the removal can have is to force merchants and exporters to handle this commodity in bond, which would render the business unprofitable and drive it away from our ports and strike a blow at our export trade.

I hope the distinguished chairman of the Ways and Means will finally see these two matters as my constituents see them, and make the proper correction by amendment, which will, in all probability, be a privilege reserved to him by the rule under which the bill will be considered.

The salt people of Louisiana want proper or adequate protection and their case is presented by the following letter, which ought to bring to the Republican majority of the committee the thought so well expressed by Burns when he exclaimed:

> Oh wad some power the giftie gie us
> To see oursels as ithers see us!

NEW ORLEANS, LA., *May 10, 1929.*

Hon. JAMES O'CONNOR,
House of Representatives, House Office Building,
Washington, D. C.

MY DEAR MR. O'CONNOR: Thanks very much for your telegram of the 8th in reference to the duty on salt cake. We were very much disappointed in seeing it remain on the free list in the new tariff bill. Think this tariff adjustment is most unfair and unjust and purely sectional.

The duty on anhydrous salt cake was formerly $2 per ton and is now raised to $4 per ton, while our product, salt cake, is practically the same commodity with the exception that the anhydrous sodium sulphate is purified somewhat, and it costs very little to do this, and this product is manufactured largely in the North for textile and rayon manufacturers' usage, and many of the plants that use this are in the interior where the foreign product is not so effectively competitive on account of freights to the interior from the ports. There is, however, not much use in the South for this product and the anhydrous material is made by the big chemical companies in the North, and the action of the committee certainly shows their influence. Our product, not being anhydrous or just commercial salt cake, goes to the paper mills and here, no doubt, strong influence of these big people has had its effect.

These Kraft Paper Mills have a duty on their finished product of 30 per cent, which would mean $25 to $35 per ton protection, and a duty on salt cake of $5 per ton would only affect their costs in manufacturing their paper about 40 or 50 cents per ton of paper.

If Louisiana ever develops a large chemical industry it is in absolute need of protection against European competition. Germany delivers here to the Gulf ports at very low prices, and freight rates to the interior consuming points from the Gulf ports on salt cake are the same as from our plant, and to some points even less than from our plant. Our investment in our chemical plant is a million and a quarter dollars and is made unprofitable by the Germans dumping about 30,000 tons of salt cake into the Gulf ports in 1928 as against only a few tons in 1927, and, unless a duty is placed on this product, they will be able to ship into this country larger amounts in 1929.

If the anhydrous salt cake (sodium sulphate) is in need of $4 per ton duty for the northern manufacturer, then our product would be justly entitled to $6 or more, if one would consider an equalization of freight rates.

There is another angle to this subject that should be given consideration. Only recently the press has carried a story of a large German-owned chemical company to be developed in this country, therefore, if the foreign-owned chemical company can ship into this country, duty free, raw products such as sodium sulphate, and after bringing it in here free convert it at small cost into the anhydrous sodium sulphate which carries a duty of $4 per ton, we are simply opening the way for Germany undermining our own chemical development in this country.

I have taken the liberty to ask Mr. William H. Metson, of San Francisco, Calif., to call on you, as he is interested in some of the far western salt-cake properties, and I understand he is now in Washington. I expect to be in Washington next week and will be glad to see you.

Very truly yours,

MYLES SALT CO. (LTD.),
WM. H. POLACK, *President.*

It looks like this letter contains valuable suggestions and I hope the ruling tariff advocates, champions, and overlords of the House will give them the thoughtful consideration they deserve, and accord salt and salt cake a rate that will make it a prosperous and profitable enterprise. I have many letters on the subject of this bill all protesting some item that is either burdensome in its rate or insufficient to give adequate

protection, all of which have produced the following reflections and ruminations.

If it be a fundamentally sound doctrine that in too much discussion the truth is lost, I wonder what wisdom if any this bill will express when it is finally through conference. Of course, there are a great many people in the country who do believe that some good does result from a great deal of talk. I am under the impression that a great many of our thoughtful citizens, perhaps not a majority, would be glad to see this bill deadlocked or sepulchered in conference. Because already it is on the winds, as "Tommy Atkins" says, that the Senate will make so many alterations in the bill that House leaders will not know their lacerated and mangled offspring when the crowd on the other side of the Capitol gets through with it.

A great deal of talk has been indulged in with respect to a scientific tariff bill and the application of formulas that might originate with the so-called experts. Experts are becoming unmitigated nuisances. You can get as many on your side as your opponents can get on their side of any subject that has to be discussed. The experts in the tariff field are very much like experts in handwriting. If they were worth a rap they would be making a better living as merchants or tradesmen than they make as being so-called experts. As a matter of fact, inasmuch as life itself is so illogical, as Winston Churchill said on one occasion, and all of its activities, impulses, and expressions correspondingly difficult to understand, the only way to guide it is by the experience of those who have gone through the mill. In other words, our domestic merchants, tradesmen, industrialists, and financiers know approximately the tariff rates we ought to have in order to promote the protective system. The extremists among them are kept within reasonable bounds and are counteracted by conservatists and those who have an opposing interest. That somewhat parallels the thought that some one expressed when he said tariffs are necessary nuisances because the nations of the earth are each and every one on a tariff basis. Gen. Winfield Scott Hancock sized up the situation, in the judgment of many, about as accurately as any man who ever expressed himself on the tariff. He said it was a local issue, and that is evidenced by the Members who are asking for protection for some local product, though they will not say they will vote for the bill if protection is given them. He got more fame out of that sentence than he did out of all of his military exploits. Tariffs are very much like transportation rates. Like Topsy, they both grew, and the best thing that the Ways and Means Committee or any other committee could do would be to carry out President Hoover's thought on the subject and merely correct any inaccuracies or defects that may be the result of the development and expansion of the tariff field. Two or three things, however, are becoming clear to the American mind as a result of the innumerable editorials, letters, and statements made on the subject of the tariff. One is that we as a Frankenstein are creating monsters across both oceans through our tremendous loans of $16,000,000,000 up to the present and that amount will continue to grow in hugeness. Are we with the fruits of our industry rehabilitating Europe and Asia and their enterprises so that these offsprings of our money and toil will in time tear us to pieces and leave us in the dust? What, if anything, can be done to apply the corrective in time? It was the Huns, the Vandals, and the Goths who sent Rome tottering to its destruction and fall, but only after Rome had taught them, the then lesser breeds without the law, how to accomplish that performance. In other words, it was the colonies built by Rome that finally despoiled her.

Another question is, What are we going to do with the Philippines? Prior to 1898 very few people in the United States knew anything about the Philippines. Our fleet under Dewey was out in the eastern seas because the big fellows in this Nation thought China was to be dismembered into fragments and we were looking to be in on the killing. The Spanish-American War fitted in with our purpose. The Philippines would furnish us with a base of operations when the civilized nations of the earth, hungry as dogs and fierce as wolves, would swoop down on China. Of course that looked all right militarily and perhaps otherwise in that day, for that was before Japan had licked Russia and demonstrated to the world that a new power had stepped on the stage, and that, in so far as the Orient was concerned, a dominating factor in Nippon had sprung into existence. Old Kasper thought the Battle of Blenheim was a famous victory, and, in like manner, a great many Americans went wild over the destruction of the Spanish fleet in Manila Bay. "'Twas a famous victory," but has any good come of it?

The flag of our country, the flag of a free people, the emblem of a great Republic, the Stars and Stripes, that should be associated with the freedom of which we boast, waves over a subjugated people who, like the peoples of every generation that ever lived on this earth, are clamoring for their political independence and who will not be appeased by the material blessings and gratifications you or we have been so liberally bestowing upon them. The politician, banker, or industrialist, or preacher, if there be any difference among them, who believes that you can purchase a people into acquiescence, is either ignorant or unmindful of what the pages of history teach. There may be a few in the islands who pretend to be satisfied, but they have the contempt of their fellows who think if they do not say—

Just for a handful of silver he left us,
Just for a ribbon to stick in his coat.

But aside from the obligation we owe to freedom and the perfectly proper political aspirations of mankind, in our own interests we should immediately begin seriously to consider the independence of the Philippines and permit them to work out their own destiny and salvation in accordance with their own cultural inclinations and intellectual hopes and yearnings.

They would be a liability in a war with an oriental power, for we would probably lose them in the first week of the conflict and regain them only through the general result that would flow from ultimate victory and treaty.

A possession 7,000 miles away from our shores is too far from Broadway, to use good, understandable Americanism, and if they are not now an economic burden, they soon will be. There is no use wasting words to prove this. That need not be proven which is self-evident; and why light candles when the sun shines bright?

If not settled before then, the next presidential campaign ought to be pitched so that our tremendous loans we are making to foreign countries and their implications and ramifications and the desirability of releasing the Philippines should be the chief issues. Such a discussion would be far better for the welfare and the intellectual advancement and development of our countrymen than the wretchedly low-grade stuff and hideous balderdash the people had to endure from the pulpit, editorial sanctums, and the hustings during the last disgraceful presidential campaign.

The tariff is not an issue any longer. A tariff for revenue was the slogan of the Democratic Party for years and in its time it was a good slogan. But with the advent of the income tax law that slogan in all of its manifestations went or should have gone to the boneyard. What is desired by the people more than anything else is stabilization in tariff rates and as little tinkering as possible for like the doctrine of stare decisis in the field of legalistic and property rights it is better perhaps to have a stabilized though perhaps faulty tariff structure that makes for something like permanency than a vacillating rate policy that makes for nothing so much as uncertainty and confusion, which are the bane of our commercial life, intercourse, and movement. Let me close by reiterating that our two major problems are the Philippines and our huge loans abroad, so vast in total that the imagination is intrigued by the figures.

It was Peter the Great who said, "After the Swedes have taught me how to fight I will knock the stuffing out of them." Those may not have been the exact words, but that is substantially what his declaration was. That is what he would have anyhow said if he were acquainted with the powerful punch and expressive force that lies in our American vernacular. But in all seriousness, "Whither goest thou" might be addressed to each of us as a unit or symbol of our national greatness.

One thing appears certain, and that is that we will have to maintain the protective system of this country in its widest and fullest significance. That means the development of our waterways, the construction of roads, and the stimulation of our domestic commerce, which is far away as yet from its goal when every lane should be lighted by electricity and be brightened with fire of invention, homes that should attest the greatness and the glory, the wealth and the grandeur of country by the sculpture and the painting that will adorn, each being an art gallery and a music house into which the singers and orchestras of the world will nightly send their melody. Such a protective system is not in harmony with the colonization of our wealth, the exile of the fruits of our labor, thought, and toil abroad in foreign lands. Such a movement is antagonistic to our domestic development. Such an expansion, if it be expansion, is like sowing dragons' teeth that may spring up as armed men to wreck our hopes and make us one with yesterday.

CALENDAR WEDNESDAY BUSINESS

Mr. TILSON. Mr. Speaker, in view of the fact that there is no business for Calendar Wednesday, I ask unanimous consent that all Calendar Wednesday business be dispensed with until the conclusion of the consideration of the tariff bill.

The SPEAKER. The gentleman from Connecticut asks unanimous consent that business in order on Calendar Wednesday shall be dispensed with until consideration of the tariff bill is concluded. Is there objection?

Mr. GARNER. Mr. Speaker, reserving the right to object, and it is not my intention to object, a great many gentlemen are asking me for time. I have already applications for some 12 or 15 hours. I am wondering if we will go along until probably Saturday night with general debate.

Mr. TILSON. If there is sufficient demand for time so that Members need that to fully express themselves, I think there will be no objection to that.

Mr. GARNER. If I understand it correctly, you have not determined your policy with reference to this bill and will not until you can confer again in the Hall and that probably your next conference will be about Thursday?

Mr. TILSON. It will not be earlier.

Mr. GARNER. And at that time the gentleman will be able to state what the program is?

Mr. TILSON. I hope to be able to do so with much more definiteness.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. HARE, at the request of Mr. STEVENSON, for the balance of the week on account of illness of his mother.

ADJOURNMENT

Mr. HAWLEY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; and accordingly (at 5 o'clock and 10 minutes p. m.) the House adjourned until to-morrow, Wednesday, May 15, 1929, at 12 o'clock noon.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. HOPE: A bill (H. R. 2937) authorizing the establishment of a migratory-bird refuge in the Cheyenne Bottoms, Barton County, Kans.; to the Committee on Agriculture.

By Mr. SANDERS of Texas: A bill (H. R. 2938) for the erection of a public building at Henderson, Rusk County, Tex.; to the Committee on Public Buildings and Grounds.

By Mr. THOMPSON: A bill (H. R. 2939) for the determination and payment of certain claims against the Choctaw Indians enrolled as Mississippi Choctaws; to the Committee on Indian Affairs.

By Mr. TEMPLE: A bill (H. R. 2940) to provide for the extension of the boundary limits of the proposed Great Smoky Mountains National Park, the establishment of which is authorized by the act approved May 22, 1926 (44 Stat. 616); to the Committee on the Public Lands.

By Mr. WOLVERTON of New Jersey: A bill (H. R. 2941) authorizing the pay of warrant officers on the retired list for transferred members of the Fleet Naval Reserve and Fleet Marine Corps Reserve who served as commissioned or warrant officers during the World War; to the Committee on Naval Affairs.

Also, a bill (H. R. 2942) authorizing payment of six months' death gratuity to beneficiaries of transferred members of the Fleet Naval Reserve and Fleet Marine Corps Reserve who die while on active duty; to the Committee on Naval Affairs.

Also, a bill (H. R. 2943) providing for the retirement of enlisted men of the Navy and Marine Corps who become physically incapacitated for active duty as an incident of their service; to the Committee on Naval Affairs.

Also, a bill (H. R. 2944) providing for hospitalization and medical treatment of transferred members of the Fleet Naval Reserve and the Fleet Marine Corps Reserve in Government hospitals without expense to the reservist; to the Committee on Naval Affairs.

Also, a bill (H. R. 2945) to correct the status of transferred members of the Fleet Naval Reserve and Fleet Marine Corps Reserve who served in higher enlisted ratings during the World War; to the Committee on Naval Affairs.

By Mr. CRAIL: A bill (H. R. 2946) to amend section 4 of the act of July 14, 1862, as amended, commonly called the general pension law; to the Committee on Pensions.

By Mr. TILSON: Joint resolution (H. J. Res. 74) authorizing the Smithsonian Institution to accept from John Gellatly his art collection for permanent exhibition in the National Gallery of Art; to the Committee on the Library.

MEMORIALS

Under clause 3 of Rule XXII, memorials were presented and referred as follows:

Resolution of the Legislature of the Territory of Alaska, commending the Hon. George A. Parks, Governor of Alaska, for the marked ability in which he has performed the duties of his office; to the Committee on the Territories.

By Mr. BRUMM: Memorial of the State Legislature of the State of Pennsylvania, memorializing the Congress of the United States, and especially the United States Senator and Congressmen from Pennsylvania, to use their best effort to amend the tariff law in a manner that will bring adequate protection to the coal, textile, and art-glass industries of Pennsylvania from this very destructive foreign competition; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BACON: A bill (H. R. 2947) granting an increase of pension to Lottie Tavender; to the Committee on Pensions.

By Mr. BRAND of Ohio: A bill (H. R. 2948) granting an increase of pension to Missouri Ackley; to the Committee on Invalid Pensions.

By Mr. BROWNE: A bill (H. R. 2949) granting an increase of pension to Carrie C. Fry; to the Committee on Pensions.

By Mr. HUGHES: A bill (H. R. 2950) granting an increase of pension to Martha Wilson; to the Committee on Invalid Pensions.

By Mr. JOHNSON of South Dakota: A bill (H. R. 2951) granting six months' pay to Frank J. Hale; to the Committee on Naval Affairs.

By Mr. KIESS: A bill (H. R. 2952) granting a pension to Fleming Trexler; to the Committee on Invalid Pensions.

By Mr. LEECH: A bill (H. R. 2953) granting a pension to Nancy Shepherd; to the Committee on Invalid Pensions.

By Mr. McREYNOLDS: A bill (H. R. 2954) granting a pension to Tina Long; to the Committee on Invalid Pensions.

By Mr. MURPHY: A bill (H. R. 2955) granting an increase of pension to Rebecca Holman; to the Committee on Invalid Pensions.

Also, a bill (H. R. 2956) granting an increase of pension to Rebecca Paisley; to the Committee on Invalid Pensions.

Also, a bill (H. R. 2957) granting an increase of pension to Agnes A. Boyles; to the Committee on Invalid Pensions.

By Mr. PALMER: A bill (H. R. 2958) granting a pension to James W. Scott; to the Committee on Invalid Pensions.

By Mr. ROWBOTTOM: A bill (H. R. 2959) granting a pension to Anna Belle Loney; to the Committee on Invalid Pensions.

By Mr. STEVENSON: A bill (H. R. 2960) granting a pension to Charlie Theodore McGraw; to the Committee on Pensions.

By Mr. SUMNERS of Texas: A bill (H. R. 2961) granting a pension to May F. Wright; to the Committee on Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

400. By Mr. CARTER of California: Petition of the Grand Court of California, Foresters of America, urging a reduction of income tax on earned incomes; to the Committee on Ways and Means.

401. By Mr. CELLER: Petition of Big Six Post, Veterans of Foreign Wars, urging Congress of the United States to repeal the eighteenth amendment and its enacting laws; to the Committee on the Judiciary.

402. By Mr. HUDSON: Petition of the officers of the Anti-National Origin Clause League, of Detroit, Mich., urging the repeal of the national-origins provision of the immigration act of 1924; to the Committee on Immigration and Naturalization.

403. Also, petition of the Maj. John C. Dust Camp, No. 40, United Spanish War Veterans, Lansing, Mich., of 250 members, urging the passage of Senate bill 476, a bill granting an increase of pension to certain soldiers, sailors, and nurses of the war with Spain, the Philippine insurrection, and the China relief expedition; to the Committee on Pensions.

404. By Mr. HUDSPETH: Petition of the El Paso Printing Industries (Inc.), protesting against the printing of stamped envelopes by the Government at a price considered unfair to private business by said organization; to the Committee on the Post Office and Post Roads.

405. By Mr. ROMJUE: Memorial of James M. Spangler, of Clinton, Mo., relative to farm relief and tariff legislation; to the Committee on Agriculture.